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 FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

CZECH REFORM Time-bomb ticks away under Prague Page 20

Rocky Mountain states, mest of which he is expected to

sweep. Mr Dukakis has pinned

his hopes on a solid bloc of Mid-West industrial states

- Michigan, Ohio, and Illinois,

combined with California, the

richest clectoral prize, and New York, a traditionally Dem-

ocratic state. The problem for Mr Dukakis

is that Mr Bush has made

inroads into his Mid-West base. Final day of compaigning,

No.30,688

Tuesday November 8 1988

Size of Bush victory is the only doubt for pollsters

World News **Death toll** in China earthquake reaches 600

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The death toll from an earthquake in China on Sun-day has climbed to more than 600, state radio said. The quake, measuring 7.6 on the Richter scale, was in Yunnan province on the Burmese border. In 1976, an earthquake of 7.8 killed 240,000 people in China's Hebei Province.

Minister resigns

Tassos Schiotis, Greece's Public Order Minister, resigned yesterday following the disappearance of George Koskotas, the banker charged last month with multi-million dollar embezziement. Page 20

Maidives ship tailed

an unsuccessful attempt to overthrow the Government of the Maldive Islands, an Indian diplomat said. An ear-lier getaway ship samk under tow. Nobody was on board.

all tumbling. Page 5

Israel urged the formation of holding fresh elections within a short period. Page 8

tar . while Car the the the sound astrinsped as a Nati · Faul is protectedir hormerhead me

and their eggs r A A LANSING MALE

with home with home died when police commandos stormed a Colombo jail whose en anter aslands eff 1,500 inmates overpowered inter St SEDS warders and started fil and Sea Mand of

Business Summary **Banks** plan analysis of exchange market MOST detailed analysis of the foreign exchange market yet seen is planned by a number

of the world's central banks, including the Bank of England the US Federal Reserve and the Bank of Japan. Bank officials meeting in Basle have chosen next April for their study period. Japanese reconsider

NICKEL prices came under pressure from belated profittaking by merchants and stale-buil liquidation after

Nickel

LME Cash (\$ per tonne) 15000

Indian navy is tailing a second ship suspected of carrying mer-cenary gunmen fleeing from

Canada poll reaction

Canadian financial markets reacted sharply to the publica-tion of an opinion poll giving the Liberal Party a command-ing 12-point lead, with equities, bonds and the Canadian dollar

Israeli reform call

President Chaim Herzog of a broadly based government charged with reforming the country's electoral system and

S Africa detentions About 1,500 people were being held without trial in South Africa, the Detainees' Parents Support Committee said.

Jail stormed

Twelve Sri Lankan prisoners the restriction and

plans for European And and the 13000 manufacturers are rethinking plans for investing in European assembly plants in the face of growing uncertainties about conditions in the Euro-pean Community's planned single market and hostile reac-

there.

SALL.

12000 11000 Aug 1988 Nov

stocks in LME warehouses rose by 336 tonnes - more than had been expected. Cash metal fell by \$1,000 to close at \$11,450 a tonne. Page 48 HONG KONG subsidiary of Cable and Wireless, the UK-based telecommunications

group, plans to raise HK\$4bn (US\$512m) next month through an international share offering and placement, the largest such exercise ever mounted by a Hong Kong company.

Page 22 MCORP, the troubled Texas bank holding company which announced last month that it would be asking for large-scale assistance from the US Government, appears to have won a crucial victory in its

struggle to retain some control over its future. Page 22 DAIMLER-BENZ won approval from the West German Cabinet to take a 30 per cent stake in aerospace group Messer-schmitt-Bölkow-Blohm. Karlier report, Page 3

THE US goes to the polls today increase its majority in both with Republican Vice Presi-dent George Bush favoured to houses of Congress in today's Ronse and Senate races, win the presidential election and succeed Mr Ronald Reagan thereby providing an important source of opposition for a prospective Bush presidency. in the While House, writes Lio-nel Barber in Washington. Governor Michael Dukakis of Massachusetts, the Demo-From dawn to dusk yester-day, Mr Bush and Mr Dukakis battled for the attention of vot-

cratic nominee, needs a last-minute upset to defy the opiners, many of whom have been alienated by the most negative election campaign since Presi-dent Richard Nixon beat Senaion polls, which all give Mr Bush a solid lead, with only But the Democratic Party appears poised to hold or Bush a solid lead, with only But the Democratic Party appears poised to hold or Bush a solid lead, with only Bush a solid lead, with solid lead Bush a solid lead, bush a solid lead Bush a solid lead Bush a solid lead, bush a solid lead Bush a

one of the key Mid-West battle-grounds, Mr Dukakis declared gave Mr Bush a 54 to 44 per he had no time for sleep in his quest for a come-from-behind victory. "I'm charging," he said after a two-hour nap.

Mr Bush, who seemed to be shadowing Mr Dukakis in the Mid-West, revived his core campaign theme of continuity with the Reagan era during a stop in the Detroit suburbs in Michigan: "Is the country headed in the right direction? The answer is, Yes it is." An extensive Washington

cent lead nationally, with the Vice President enjoying firm leads in 33 states with 303 electoral votes. Mr Dukakis has only six states firmly under his belt, with 74 electoral votes. Some 11 states, with 161 electoral votes, are too close to call, according to the poll.

Other national polls - including a survey by Harris and NBC and the Wall Street Journal - called the race tighter, with Mr Bush having a lead of

between 5 and 9 points. But the Post/ABC poll - one of the biggest to date - re-in-terviewed some 8,000 likely voters and allowed for a stateby-state assessment of the candidate's strength. This is the decisive factor in presidential election because the winner of the popular vote in a state takes all of its electoral votes. A simple majority of 538 votes in the electoral college wins

D 8523 A

Mr Bush's strength lies largely in the South and the 20

Pillsbury plans to split business in bid defence

By James Buchan in New York

PILLSBURY, the Minneapolis est US restaurant chain, and food and restaurant group an allied distribution business. which is battling a \$5.2bn take-over bid from Grand Metropoli-tan of the UK, wants to split its business in two and go heavily into debt in a bid to win share-

holders' loyalty. The company, which has been struggling with declining earnings and poor morale for two years, said yesterday it would spin off its troubled Burger King fast-food business and borrow against its assets to pay special dividends of "sig-and Burger King will each be nificant immediate value to shareboiders."

Yesterday's plan, unveiled just a day and a half before GrandMet's offer is due to expire, received a lukewarm reception on Wall Street yesterday. Stockbroking analysts and arbitrageurs complained yesterday morning that Pills-bury had put no value on its plan, whereas Grand Met was offering \$60 a share in cash. "It's very incomplete," said

Mr Craig Carver, an analyst at the Minneapolis firm of Dain Bosworth. "It's somewhat of a Band-Aid," said Mr Stepben Carnes at Piper Jaffray, also of Minneapolls. Pillsbnry stock fell \$1% to \$59% in early trad-ing Some analysts surmised that

operating profits of about \$150m. Pillsbury, with sales of \$3.5bn and operating profits of about \$210m, will concentrate on frozen and packaged food. including such brands as Pillsbury flour. Green Glant vegetables and Haagen-Dazs icc crcam. "As two scparate,

Distron. The company will have sales of over \$2bn and

in a better position to develop greater recognition in the mar-ket place." Mr Smith said. Wall Street analysts said

they were disappointed that Pillsbury, despite paying mil-lions of dollars in fees to five New York and London ment banks, had failed to devise a precise alternative to GrandMet's offer. Mr Carver, the Minoeapolis stockbroker, said the special distribution would have to be at least \$20 a share to match GrandMet's offer, which would cripple Burger King with debt of more

than \$1.7hn. **Burger King's franchisees** bitterly oppose Burger King going into debt. But Mr Jerry Levin, chairman of the Miamibased chain, yesterday prom-ised that Burger King "will be able to fully meet our debt service and also continue with our programme of reinvest-

motor assembly plants By Guy de Jonquieres and Kevin Done in London LEADING Japanese motor EC attitudes towards Japanese direct investment and trade. Among the factors influencing the Japanese industry's thinking are : • The recent controversy

over Nissan car exports from Britain to France and the possibility that the EC may set strict local content rules for cars assembled in Japanesetions from the local motor industry. Industry executives and gov-

ernment officials in Tokyo say owned plants in the future. Uncertainties about EC policy towards imports of vehicles from Japan after 1992. The European Commission is having difficulty formulating proposals which bridge the widely differing views of EC many Japanese motor companies have become increasingly concerned abont arousing political opposition in Europe if they move too aggressively to build up production capacity widely differing views of EC governments and carmakers. Companies including Toyota and Mitsuhishi Motors, which

· Warnings by the Eurohave expressed interest in pean car industry that further Japanese assembly plants building assembly plants in Europe, are considering scaling back their plans or studying alternative ways to enlarge would aggravate excess capacity - even though some Euro-pean companies say they are their presence more gradually. The companies are now talking of seeking joint venhaving difficulty meeting buoyant demand

According to Mr Hans Glatz, head of the Llatson Committee of the European Motor Indus-try: "It has been repeatedly sigtures with Burgoesn partners, rather than going it alone. Toyota is also investigating proposals to make vehicle comnalled to the Japanese that the Ruropean industry sees no meet for or benefit from addi-tional Japanese assembly capacity in Europe." ponents in Europe and to col-laborate. in transferring. tech-nology and advanced

production techniques from Mr Tsutomu Oshima, execu-tive vice president of Toyota. Some experts believe the says the company accepts the European industry's argu-ments about excess capacity.

However, Toyota, which has been discussing European expansion plans for several years, says it will take no deci-sions until the question of local content and other issues raised by the Nissan controversy are clarified.

Mitsuhishi Motors is also Mitsuhishi Motors is also pursuing a cautious approach and is discussing plans for a European assembly plant with annual capacity of only 50,000 vehicles – far fewer than the 200,000 units planned by Nis-san in Sunderland. The company has yet to decide whether to build a greenfield factory of its own or greenfield factory of its own or to seek a joint venture Mr Hiroshi Ninomiya, Mitsu-

Mr Hroshi Ninomiya, Missu-bishi Motors' general manager, Europe, says the company does not see a good future for mak-ing cars in Europe and might choose initially to make light commercial vehicles if it decides to build an assembly plant there. plant there. "Maybe we have to give the

trade in the future," he says. "We recommend to them (Enropean companies) to compete with all manufacturers in a fair manner, but the Japa-nese too must be moderate. We

pean motor industry suspect that Japanese manufacturers'

Gandhi

took arms deal money By K. K. Sharma in New Deihi MR RAJIV GANDHI, india's

Europeans a chance to recover, hut we have to follow free must not attack them like an avalanche." Some in the Euro-



Prime Minister, has been accused of corruption and salt-

ing away foreign exchange in a

secret numbered bank account in Switzerland. Although a campaign of whispers has con-

tinued for more than two years, this is the first time a direct public accusation of this

nature has been made. The corruption charges assume political importance because they have been made by Mr V. P. Singh, leader of the

newly-formed Janata Dal (People's Party), who is consid-

ered to be Mr Gandhi's main rival in the run-up to general elections that could be held

Mr Singh, who is a former Finance and Defence Minister

in Mr Gandhi's Cabinet and

was expelled by the Prime Min-ister from the ruling Con-

gress-I party when he made allegations against Mr Gand-hi's friends about 18 months

ago, made the charges in a public statement.

Continued on Page 20

early next year.

or he to mous Ches Iran-UK talks There are grades !

A senior official of Iran's Foreign Ministry left for Vienna sterday for new talks with British envoys on restoring full diplomatic relations between the two countries.

France train crash A Luxembourg-Paris express. train struck a maintenance wagon at a village station 140km east of Paris, killing nine people.

the second second sectors. the matthe water 7 **Green Line crossed**

Four Turkish-Cypriot politithe second second second cians crossed the fortified the are Green Line dividing Cyprus for a rare visit to the Greekthe F Cypriot south. The second states

Toxic experts meet Experts from 50 countries met in Geneva on Monday to draft

an international treaty to control the disposal of toxic waste and prevent its illegal dumping on Third World countries.

Pro-Basque freed

Spanish ultra-rightists freed a pro-separatist Basque politi-cian after holding him for three days and cutting their group's initials on his chest with a knife, the politician's relatives said.

Haltian 'polsoned'

Colonel Jean-Claude Paul, 49, once powerful Haitian army colonel indicted in the US on cocaine trafficking charges, died of suspected poisoning, Haitian police said.

MARKETS

Tokyo Nikkai Avarage 28500 28000 27500 27500 27000 26500 Aug 1988 Nov	New York lunchitase \$1.77675 (1.768) London: \$1.7755 (1.7655) DM3.1675 (same) FFr10.805 (10.8) SFr2.6825 (2.655) Y221.5 (221.25) DOLLAR New York lunchitase DM1.7825 (1.7895)	STOCK HEDICIS New York lunchtime Dom Jones Ind. Av. 2,124.47-(-21.33) S&P. Comp 274.24 (-2.07) London: FT-SE 100 1,819.7 f-14.6) World: 132.96 (Frl)
INTEREST RATES US lunctitime Federal Funds $83_8\%$ (8_{36}) 3-min Treesury Sills: yield: 7.71% (7.71) Log Bond; 101 $\frac{1}{12}$ (102_{32}) yield: 8.95% (8.91) London 3-month interbank: close $12\frac{4}{12}\%$ (12 ² 8)	DM1.7840 (1.794) EFr6.0850 (6.1175)	Tokyo Nikkei Ave 27,665.36 (-160.39) Frankfurt Commerzbank 1,590.3 (-20.2) OiL Brent 15-day (Argus) \$12.75 (+0.025) (Nov) West Tex Crude \$14.035 (-0.06) (Dec)

BJR NABISCO \$200n-plus takeover battle intensified as signs-emerged of a possible split between some members of the RIR board and the senior man-agers who have been trying to buy the glant tobacco and foods group. Page 22

FISHERY Products International, the largest foreign supplier of frozen seafood to the US, has reported a sharp downturn in third-quarter income due to low cod prices

and adverse currency fluctua-tions, Page 22 LAWSON MARDON, the Canadian-based packaging group which has substantial interests in Europe, reported third quar-

ter figures showing after-tax profits 84 per cent up at C\$14.5m (US\$12m). Page 22 SYDNEY Futures Exchange expects increased US trading

in its contracts following a landmark decision by the Com-modity Futures Trading Com-mission (CFTC), the US futures

regulatory body. Page 27 SOCIETE Générale de Belgi-que, the Belgian bolding com-pany, and a group of share-holders in Vieille-Montagne, the Belgian zinc producer, have had contacts on the poss ble sale to La Générale of Vieille-Montagne stock, La Générale said. Page 24

VALEO. France's leading car components group, threw in the towel in its hostile bid for control of Speda-Bertrand Faure, diversified French car seat manufacturer. Page 24 SAINT GOBAIN, the French

privatised glass and packaging group, has acquired a 3 per cent stake in Essilor, the French optical glass company. Page 24

10.0

America

Companies Overzeze

Companies . World-Trade Britain

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industry's increasingly hesi-tant approach may mean that Nissan, which has an assembly plant in Sunderland, north east England, will remain for some time the only Japanese motor

manufacturer with its own substantial EC car production in Europe contribute to revital-ising the local motor industry. capacity: According to Mr Takao Tom-inaga, head of the Japan Anto-mobile Manufacturers' Associa-It is considering seeking joint ventures with European motor

companies, possibly to make engines, as an alternative to huilding its own assembly tion (JAMA), many companies are deferring decisions until they are clearer about future

ments about excess capacity, though he argues that much of it is obsoleta. He says the company wants to ensure that its investments in Europe contribute to revital-ising the local motor industry. imports from Japan after 1992. Mr Tominaga of JAMA believes Japanese motor companies remain committed to European plants, and that hesi-tations are short-term.

UK Government plans radical shake-up in television industry

By Raymond Snoddy and Richard Evans in London

THE BRITISH Government yesterday unveiled radical pro-posals for the deregulation and national channel. new Channel 5, due to begin better choice is a better way of sustaining quality." The BBC will also be encourposals for the deregulation and restructuring of the commer-cial television industry aimed at increasing choice and com-

At the same time the launch of local television stations based on either cable or micropetition. In the biggest shake-up for wave broadcasting will be given the go-ahead and two new direct broadcasting by satmore than 30 years, new chan-nels will be introduced, broad-casting licences sold by comellite (DBS) channels will be advertised in Jannuary.

Independent Broadcasting Authority replaced by a new Independent Television Com-In fature all commercial tele-vision channels will have the option of being financed by advertising, subscription or a mixture of both. Mr Douglas Hurd , the Home Secretary, said yesterday that The Home Secretary rejected

suggestions that deregulation his policy document, Broad-casting in the '90s: Competi-tion. Choice and Quality, would remove a great deal of regulation, and give viewers much greater choice. "It is a difficult balance but I think we have not it obsert and the introduction of more channels would have an adverse effect on programme quality.

"The BBC remains, and Channel 4 which has a remit unique in the world, to cater think we have got it about right," he said. ITV, the main commercial for those parts other broadcast-ers don't reach, will be sus-tained and enhanced. Feople channel at present, will be must not fall into the danger of renamed Channel 3 and its regional role emphasised. The confusing detailed control with

vision.

that British television would become more like American, and that this would inevitably maintenance of quality. I think Continued on Page 20

World Index

CONTENTS Portugals Opposition party flounders in search Economic reforms test Diouf's of a leader rule in democratic Senegal Hiddle East: Egypt fights to revive Arab arms President Abdou Diouf venture arrives in Britain today Sri Lookas Revolutionaries push Colombo to for a three-day official the brink as elections draw near visit, under pressure Editorial comments The future of broadcastat home but sure of congratulation from Polands Gen Jaruzelski has food for thought Mrs Thatcher for susafter Mrs Thatcher's visit taining his country's commitment to economic renewal. US companies Rorer seeks a cure for take-Page 6 over ills Agriculture _____ Arts Raviews _____ World Guide _____ Commercial Law _____ Commodities _____ - 44 Rev Materials 23 Gold 48 International bonds 27,28 Ind. Capital Markets 27,28 Letters 19 Slock Markets 49.52 49-52 46-47 -Wall Street -----21.22 -London . . . 14 Technology 21,25 48 Lex ______ 20 Unit Trusts 40-43 20 9-11 44 Weather .

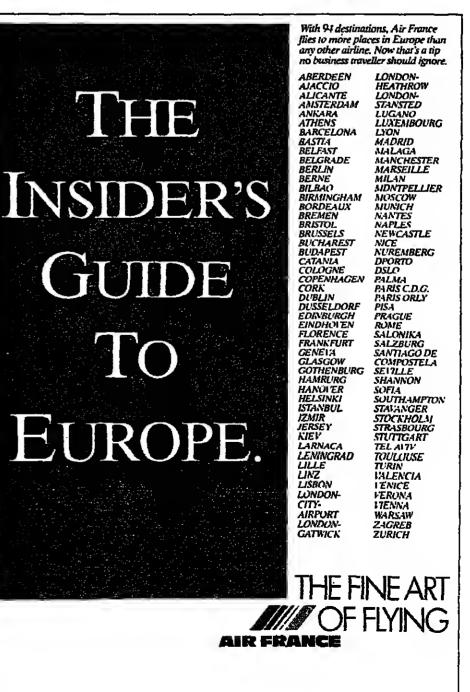
aged to begin to move towards subscription funding, which Mr Hurd would like to see as an eventual replacement for the current annual licence fee. The Corporation will lose one of its night-time channels to commercial broadcasting and only keep the second if it is used for subscription. From 1991 the licence fee, at prese linked to the retail price index, will be linked to the index minus an unspecified percent-Mr Hurd pointed out that

those who argued that extra competition would reduce gual-ity had used the same argu-ment when the BBC lost its monopoly with the launch of independent (commercial) tele-He also rejected the view

EUROPE.

Pillsbury does not want to prej-udice the battle it is waging against GrandMet in the courts. A Delaware state judge is due this week to rule whether a Pillsbury corporate hy-law, known as a "poison pill", is being used unfairly against the UK group. A firm counter-offer might undermine Pillsbury's case for poison-pill protection, these analysts say. Under yesterday's recapital-isation, Pillsbury will offer shareholders equal new shares in a company consisting of Burger King, the second-larg-

Lisa Wood in London adds: Mr Allen Sheppard, chairman of GrandMet described the Pillsbury proposal as a "com-plete non-event." The plans did not contain enough information to evaluate the seperate Burger King and Pillsbury companies or indicate where Pillsbury's \$1bn of debt would be allocated. Lex, Page 20



EUROPEAN NEWS

RED SQUARE PARADE CONFIRMS THE DOMINANCE OF GORBACHEV

Moscow scales down the military

By John Lloyd in Moscow

IN A LAND where symbols retain their importance and force, the symbolism of yesterday's Red Square parade to mark the 71st anniversary of the Bolshevik revolution of 1917 was designed to reassure the world outside and enthuse the Soviet citizen. These twin aims met their apotheosis in a banner, carried with pride, which proclaimed the virtues of cost accounting.

The traditional elements took priority, of course. It snowed from an iron sky, and grew colder as the morning wore on. Posters covered the neo-gothic facade of the GUM department store, facing the Lenin mausoleum and the Kremlin. This year, however, they were said to be relatively modest: a vast banner of Lenin in the centre - "looking more human", as Tass later pointed out - and next to it, a slightly

SEVERAL HUNDRED students in Warsaw yesterday tried to celebrate the anuiversary of the October Revolution by symboli-cally "storming" department stores in the city centre which for the purposes of the exercise had been dubbed "the Winter Palace," writes Christopher Bobinski. Police, however, nipped the coup in the bud by arresting dozens of would-be revolutionaries, confiscating a cardboard model of the cruiser Aurora which fired the first shots in Leningrad, and detaining "the Russian royal family". One of the students, Mr Rafal Szymczyk, achieved the distinc-tion of being the first, person in Poland since the war to be arrested for carrying a portrait of Lenin at the head of a group of demonstrators chanling "Revolution, Revolution."

demotion.

Gorbachev, who had Mr Ryzh-kov and Mr Lev Zaikov, the

point to an underscoring of a

tov, the parade commander,

Before them, General Dimitri

smaller flag with the word to dawdle his way to the front. He did not stand beside Mr

As the politburo filed out to As the politicuro filed out to the mausoleum's reviewing gallery, it was apparent that Mr Mikhail Gorbachev and Mr Nikolai Ryzhkov, the Prime Minister, were some yards ahead of the rest of the ruck. That was headed by the former Moscow party leader, next to him. This symbol appeared to Yazov, the Defence Minister, and General Konstantin Kochepolitburo number two, Mr Yegor Ligachev, who seemed

swept about the ranks of rigid troops in big grey convertibles. Gen Yazov then took the podium in front of the manaoleum to deliver a speech which gave military endorsement to the new line on international relations pioneered by Mr Gor-bachev and Mr Eduard Shev-

bachev and Mr Eduard Shev-ardnadze, the Foreign Minister. The general said that "the new political thinking, based on the priority of common human interests...finds ever-growing understanding and support among the world public and leaders of many states." He also talked of a "reasonable sufficiency" in "reasonable sufficiency" in armaments, indicating that the Soviet Union no longer wished to demonstrate aggressive intentions.

A reasonable sufficiency of armaments then followed the columns of cadets and troops past the mausoleum. However, Western observers noted a

A weakened Socialist Party shifted the balance of real

opposition from Parliament to

management confederations

These bodies have becom

and trade unions.



Soviet parairoopers turned their heads in salute at yesterday's Red Square parade

drop in two (from 17 to 15) in types of weaponry, and that nothing new was unvelled. There followed eight-deep columns of young blue-track-suited standard bearers, lead-ing in a parade of Musequitte

ing in a parade of Muscovites weaving flowers and walking beside motorised placards pro-claiming perestroika and glas-nost, and even – the accoun-tants' delight – self-financing

or cost accounting. voltage instruments - a plant The representatives of whose workers took it on lease after its liquidation a year ago. Later, back in the warmth of Moscow's Kuntsevo district produced a banner which claimed that "the output of machines which are on a par the Kremlin, Mr Gorbachev told a reception for senior party and state officials, for-eign dignitaries and ambassa-dors that "the country has with world level went up in Moscow from 27 to 40.6 per cent in the past year." Another announced itself as the banner started moving forward towards a socialism worthy of of a co-operative which suc-cessfully manufactures low our ideals.

fast and losing its natural audi-

ence as workers dream more of

ence as workers dream more of their own car, house and video recorder than of the dictator-ship of the proletariat. All that leaves Mr Silva in an interesting position. He has his own party – once Porta-gal's most querulous political body prone to gleefully savag-ing its own leaders for esoteric reasons – in a discipilinarian

ing its own centers for escotate reasons — in a disciplinarian grip where a whiff of dissi-dence can bring on a bad case of ostracism. He has no one on the opposition benches ready to box with him.

But the Confederations of Industry, Agriculture and Commerce, the General Con-

federation of Workers and the General Union of workers are not having leadership prob-

lens and are not answerable to PSD discipline.

For now - until political parties find a new tuning fork

Romanians face seventh winter of heat curbs By Judy Dempery In Vienna

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THE ROMANIAN authoritie in what is now regarded as an annual concerted campaign, have issued instructions to already hard-pressed consum-ers and enterprises again severely restricting the use of heating and hot and cold water this winter.

The decree, published in Scintela, the Communist party daily newspaper, states that blocks of flats attached to cenblocks of has attached to cen-tral heating etations will receive 4^{1}_{2} hours heating a day and an extra balf-hour on Sunday. It will be restricted to short bursts during the early morning, mid-day and for two hours in the summer hours in the evening.

"Non-productive" units such as offices and schools and presumably hospitals, will be allowed four hours' heating but will be encouraged to make use of "natural light."

Some concessions have been made for the coldest months, when the heating quota will be increased by one hour. This is the seventh consecutive year in which Romanians have had their energy supplies strictly rationed.

Last winter was exception-ally mild in many parts of Rastern Europe, but recent reports from Bucharest say a spell of cold weather has already set in, and fresh fruit, vegetables and meat are again in short supply.

FINANCIAL TIMES

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Financial Times (Scandinavia) Ltd, Ostergade 44, Copenhagen, Ostergade DENMARK

Portugal's opposition seeks director, drive and direction Diana Smith in Lisbon reviews the Socialists' disarray and difficulties after the abrupt resignation of their leader

ORTUGAL'S Socialist politically-sensitive technocrat Party is disheartened,

confused and carefully looking around for a new leader after last month's abrupt resignation of Mr Vitor Constancio, the low-key econo-mist who headed the party for

two years. The Socialists are floundering - they have been unable to present a cohesive strategy in opposition and have been undecided about the image they would like their leader to project. Speaking last weekend, Mr Constancio cited a "lack of

support" as the reason for his departure.

Mr Constancio had difficulty running a party that had been the fieldom of the charismatic Mr Mario Soares, founder in exile of Portugal's Socialist Party in 1973, three times Prime Minister between 1975 and 1985 and higb-profile leader of a party that like him, graduated over a decade from flery Marxism to middle of the road democratic socialism.

When Mr Soares became President of the Repub-lic – and by his own claim, President of all the Portuguese not merely the Socialists – in 1986, the Socialists sought a

rather than pure politician as its new leader. They believed that Mr Constancio – who had won plau-dits for his solid work as Finance Minister and Porturinance minister and Forti-gal's first negotiator for EC membership in 1978, and as 1984-86 Governor of the Bank of Portugal – would be a pow-erful antidote to the self-as-sured new leader of the ruling Seciel Domestra (SED) M Social Democrats (PSD), Mr

Anibal Cavaco Silva. Also an economist, a former Finance Minister, and longtime employee of the hank of Portugal, Mr Cavaco Silva brandished macroeconomics and bis administration's unique expertise (in his view) in this field as the PSD's great

trump card. The Socialists, determined to recover ground after two elec-toral defeats had pushed them from their traditional 33-36 per cent of the vote to 20-24 per cent, saw Mr Constancio as a gentler but highly skilled master of macroeconomic jargon,

fit to rattle the Social Democrat leader. It did not work that way. Mr

Constancio's quiet, careful eco-nomic reasoning rarely made opposition.



Mr Vitor Constancio (left) finding few footholds in Portugal'e Socialist Party, founded by Mr Mario Soares (right)

itself heard above the din of PSD self-praise. Failing to dent the PSD juggernaut, he also failed to impress some of his own Socialist colleagnes who dreamed of more aggressive The Socialists grew frac-tious, joining the ranks of par-

the most conspicuous critics of the government since inflation swerved wildly off the target, predicited by Mr Miguel Cad-ilhe, Portugal's most self-as-sured Finance Minister in 50 ties to the right or left of the PSD in search of relevance and thereby they undermined the years. He promised that infla-tion would fall to 5 per cent motivation of their party in

this year, but in September the rate stood at 11 per cent year

on year. Scepticism about official projections and capabilities has led management confedera-tions and unions to hint they are not interested in signing a 1989 price-wage agreement with the government.

will be 5 or 6 per cent - while the EC already forecasts 7 per cent - and upward pressure on prices continues intense, Por-ingal's businessmen and trade

unionists are talking tougher than the politicians. In the political camp mean-while, the Socialists are not the only party in search of an effective tone of voice that cam persuade voters in the 1989 local government and European parliament elections that Portugal is not doomed to slide into neo-Mexican one party

They consider that they were led up the garden path in 1988 by Mr Cadilhe, who first got his inflation prediction wrong and then refused to honour a wage-price agreement signed in 1987 which provided for readjusted wage increases if inflation exceeded targets.

Christian Democrats have regained their former leader, Mr Diogo Ferreira do Amaral who lost the presidential elec-tion to Mr Soures in 1996. He, however, has not found a new however, has not found a new set of muscles to fight off PSD inroads into its support bases. Polls indicate that if an elec-tion were held tomorrow, the Christian Democrats would be lucky to get 3 or 4 per cent – a mighty crash from its 12-14 per cent chare a few wars back

Init

tested by young Communists. The Communist Party shows signs of deep difficulty in han-dling the threat of real party

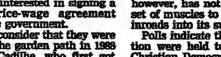
internal democracy. It has held on to 10-11 per cent of the vote for years, but its parliamentary voice has become hoarse from the repetition of old formulas. Also its talent for the street thea-tre - that gave Portugal the jitters from the 1975 revolution to the early 1980s - is fading

mighty crash from its 12-14 per cent share a few years back. On the left, the hardline Communists are floundering in the ripples of Soviet glasnost and perestroika. For the first time, the stern leadership of the doggedly Stalinist 75-year-old Mr Alvaro Cunhal is con-tacted by young Communicts

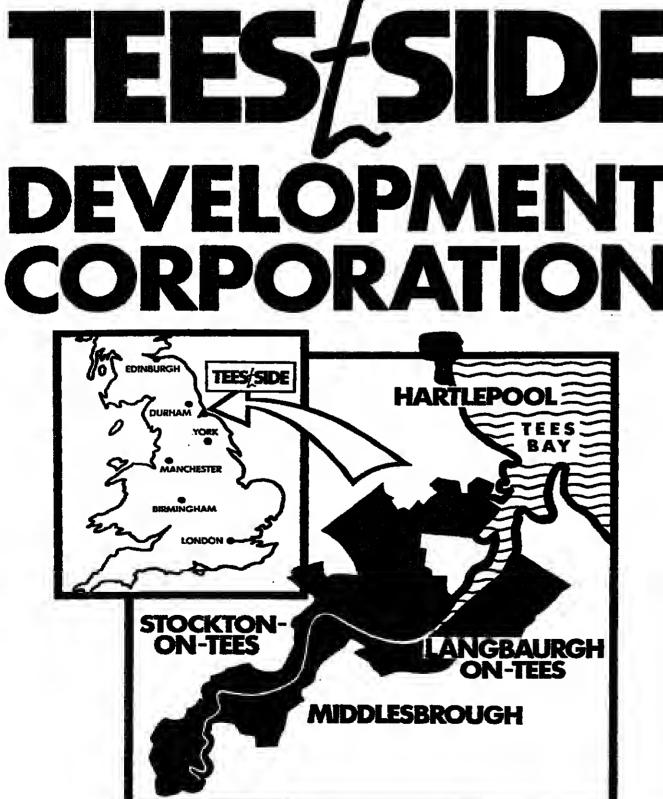
negemony. To the right of the PSD, the

and new choirmasters, Mr Cavaco Siliva has more to worry about from the people he and many of his ministers prefer to call "economic agents," than from the political heartland. The 1969 local elec-tions will show how much effect economic agents have on the ballot boxes,

and the second second



With the finance minister now insisting 1989 inflation



Within a few months of becoming operational Teesside Develop-ment Corporation has acted as the catalyst to speed and imple-ment a host of new initiatives. Initiatives that will enhance the industrial, business, social and cultural environment of Teesside. Initiatives in which powerful partners from the private sector are already participating. Initiatives which still offer outstanding development and investment opportunities. Among them -

At Hartlepool - the most important water-based leisure and living attraction on the North East Coast

Tees Offshore Base - a world centre of excellence in subocean technology to exploit deep-sea mineral resources

Teesside Park - a new runner at the old Stockton racecourse, an £80 million retail, leisure, sports and conference centre LAUN

Teesdale - an investment of over £110 million in a high quality urban mix of first class offices, residential areas and shops, in a landscaped setting

Britannia Part Enterprise Zone - one of Teesside's two EZ's, now being enhanced with new factories and infrastructure LAUNCHED

The European Chemical Centre - creating the finest con-centration of chemical businesses in the world LAUNCHED

Middlehaven - a redevelopment of Middlesbrough Docks to create a high quality residential, business and leisure centre

Langbaurgh Motor Sport Park - an exciting road and track based facility for a variety of two- and four-wheeled sports

Teesside International Nature Reserve - opening up and expanding an existing world stature estuarine wildlife sanctuary

Tees walkway and weir - providing pleasant access to a tide-free river frontage

'We are setting out once again to be ahead of our time...

EUROPEAN NEWS

EC deeply divided over banking reciprocity

By David Buchan in Brussels

EUROPEAN Community finance ministers yesterday demanded that the European Commission produce a clearer definition of the foreign reciprocity conditions it wants to attach to EC banking liberalisation.

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INANCIAL TIMES

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But they revealed themselves as deeply split into two camps on the Commission's proposal that foreign banks should only benefit from e planned single Community-wide banking licence to the extent that their home countries give EC banks reciprocal market access.

By joining together to request further clarification, the two camps may also hope

to bring the Commission around to their way of think-ing by the time ministers meet on December 12 to consider again its Second Banking Directive. Several northern countries

prospectnses. And Mr Philippe Maystadt, the Belgian minister, said he strongly supported reci-procity as e "non-protectionist" with strong financial sectors, including the UK, West Germany, Luxembourg and the means of opening up world financial markets. Netherlands are, as Mr Hans Tietmayer, the Bonn Finance Secretary, said yesterday, very sceptical about the prin-ciple and practice of reciproc-In fact, the Commission confirmed last month that it

would not attach retroactive reciprocal conditions to banks ity" in international banking. UK officials claim a majority of already established in the EC. and over the weekend further clarified its position. Mr Paolo Clarotti, head of

France. however, showed itself yesterday to be very attached to international recithe Commission's banking divi-sion, told a financial confer-

procity, even to the extent of recommending that the princi-ple be applied to another item varying forms of national treatment for EC banks. Thus, in Switzerland, EC banks should on vesterday's agenda - harbe able to compete with local banks in practising "near unimonised EC share and bond versal" banking, while in the US EC banks would have to respect local rules fragmenting the geographical scope and nature of banking. In Japan, a market particu-larly hard to penetrate, a bet-

ter deal might be sought than that available to Japanese banks, Mr Clarotti said. He explained that while the proposed directive would pro-tect the rights of all foreignowned banks based in the Community whenever the mea-

ence that Brussels would seek sure came into force, any change in the ownership of such banks could trigger reciprocity provisions. This would apply to the current owners of the banks, not the banks themselves.

But the directive, as currently written, would provide a let-out. Mr Clarotti said bankowning holding companies could change hands without triggering reciprocity condi-

He also said he was examin ing whether foreign hanks could sidestep reciprocity requirements by deliberately not taking advantage of the proposed EC single banking licence.

Swiss banking

money inquiry

By Our Foreign Staff

body starts drug

Bonn budget deficits narrow as growth exceeds expectations

By David Marsh in Bonn

BETTER THAN expected and local governments, would economic growth in West Ger-many is helping to reduce the be around DM58bn this year. federal budget deficit this year and next to below the levels foreseen in the summer, according to Mr Gerhard Stol-

The Finance Minister, who is now predicting 3.5 per cent growth this year and 2.2.5 per cent next, says the central gov-ernment deficit is expected to fall to DM2Sbn (£8.9bn) in 1989 from an anticipated DM36bn-DM37bn this year. Both figures, although running well energy prices had improved above his ministry's medium-term projections of previous chances of keeping inflation from creeping up next year. In years, represent substantial spite of a round of consumer price rises next year affecting petrol, tobacco, insurance and improvements on the federal deficits projected in July at gas, aimed at bringing in an extra DMSbn in budget reve-DM32bn for 1989 and DM39bn for 1968.

Tax receipts across all public sector budgets rose 5.3 per cent in the first half in spite of tax nues, inflation next year was cuts at the beginning of 1988 reducing budgetary income by nearly DM14bn for the full year. The total public sector deficit, including state (Land)

D-Mark has revived recently on 2.5 per cent of gross national product, sinking to DM44hnthe foreign exchanges. France DM48bn next ycar, or 2 per and West Germany agreed at cent of gross national product. Referring to the latest differthe two governments' latest six-monthly consultations last Friday on the need to maintain ences of opinion within the current EMS exchange rates, Bonn coalition over subsidies for the Airbus airlincr project, he said. Mr Stoltenberg said yesterday he hoped the Government would be able to explain more "The position of the French Government is fully clear. They are interested in stability coherently in coming months within the EMS (for the franc) its budgetary and tax policies. because this brings price sta-

bility." Regarding the suggestion of Mr Pierre Beregovoy, the French Finance Minister, for West Germany to "recycle" some of its current account surplus back to other EC countrics. Mr Stoltenberg said talks would be held with the Euro-pean Investment Bank on increasing its capital market financing in the "surplus countries" of the Community. How-ever, any "recycling" scheme would however have to be carried out in a "market-oriented"

downward realignment of the

French franc against the

not expected to rise above 2.5 per cent. He also voiced confidence about chances for further currency stability within the European Monctary System. where speculation over ;

er cent public sector stake to

He said the latest fall in

FDP yields on Daimler deal By David Marsh

WEST GERMANY'S liberal Wednesday. The Government Free Democratic Party (FDP), will now ask Daimler to promjunior partner in the Bonn coalition, yesterday climbed

net meeting last night, thns clearing the final political bur-dle abead of a deal which will result in the formation of a DM80bn (£25bn)-turnover company dominating all sectors of the country's aerospace and defence industries,

A meeting of the FDP's parliamentary grouping yesterday morning coupled approval for the deal with insistence on extra safeguards to ensure that Daimler took over from the year 2000 all the financial risks of MBB's loss-making particioffered the only practical solupation in the four-nation Air-

The takeover has still to be hus venture. This leaves unchanged the approved hy Daimler-Benz. central aspects of the DM4.3ba which will now go into a final financial guarantee scheme for lap of negotiations with the Daimler-MBB already dis-cussed hy the cabinet last Government. The Federal Cartel Office in Berlin also has

four months to yet the deal The opposition Social Democratic Party (SPD), which has vehemently criticised the link-up because of the size and power of the group which would result, yesterday accused Count Lambsdorff of capitulating. The FDP leader stressed that

Bonn had given the Airbus programme many years of pollucal support - including the time when he was Econom ics Minister between 1975 and 1984. In spite of the FDP's "considerable mlsgivings" about the takeover. "we cannot and do not want to jump off a running train."

His proposals for tightening the conditions for the Daimler MBB link had been agreed by Mr Martin Bangemann, the FDP Economics Minister and former party chairman who has been the main architect of the deal. The FDP is also asking for a clear statement that the Bonn budget will not face an additional drain if the dollar falls below DM1.60, the lower limit of the DM4.3bn exchange rate guarantee scheme.

EC looks towards free market in energy By William Dawkins In Brussels

CONCRETE MOVES towards to help industrial customers establishing a free European Community market in energy are expected to be outlined by tha European Commission to a

They will be pushed hard by Britain and France, both keen for a free energy market, but will encounter cantion from several other states, including West Germany and Denmark, which want some controls to continue.

Mr Nicolas Mosar, the Energy Commissioner, is due to tell energy ministers that the Brussels authorities plan to table proposals in the next few months to oblige energy utili-ties to publish the basis on which they set prices in order

choose between energy SOUTCES. These are to be followed next

the 12 states are sceptical.

year by ideas for scrapping restrictions on the purchase of electricity and gas from other member states. Also in the pipeline are Com-

mission proposals to harmon-ise the methods used by energy authorities to calculate prices, a move which could bring a fresh onslaught against state aids to the industry.

EC governments would have to give all these ideas their blessing before they could take Denmark wants safeguards to effect. foster alternative energy sources. Greece and Ireland, While today's meeting is not

likely to make firm decisions, it could help clarify what has meanwhile, are unwilling to deregulate the industry too

been a poorly defined part of the EC's internal market profast without some help from the EC to improve their own gramme. This matters tanda-mentally to Britain as it preenergy supplies. Other priorities mentioned pares to privatise its electricity

in the energy paper include industry, as well as to France, which is keen to find fresh forsetting common environmental rules and improving infrastruceign customers for its cheap ture in countries like Greece and Ireland, which have no electricity links with mainland nuclear generated electricity. Today's meeting is likely to confirm that serious political Europe, or encouraging the building of a gas pipeline across the English Channel. problems stand in the way of any efforts to encourage cross-frontier electricity sales. West

Some barriers to free trade in energy identified in the doc-Germany is keen to protect its coal-fired stations against low-cost French competition, while ument are already being tack-led by other parts of the gen-eral internal market plan, like Commission proposals to open up public procurement for energy projects or to harmon-ise fuel taxes.

Accord nearer on rules for security issues

By David Buchan

EUROPEAN finance ministers last night edged towards agree-ment on common rules for the writing of security issue prospectus

The key to agreement, which may be reached formally when finance ministers meet next month, centres on the suggested exclusion of those Euro-share and bond issues whose sale is directed chiefly to institutional investors, and not to the individual "punter." The proposal by Lord Cock-field, the internal market commissioner, is that Euro-security issues for which there is "no generalised advertising .

3 The Scandmanth
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campaign" need not fall under the proposed investor protec-tion directive, first tabled in 1982

This responds to the fears of to those countries more con-Britain, Luxembourg and to some extent West Germany that over-regulation might smaller Euro-investor, it will drive Euro-securities business out of the Community to Switzerland and other financial centres,

The proposed directive would cover both national bond and share issues and also Euro-security issues, defined as "underwritten and distributed by syndicates of which at least two members have their head offices in different states." reports from Luxembourg. If the Cockfield proposal proves fully acceptable both to

The European Community's development bank said in a statement it decided to make tritain and Luxembourg, and the loan hecause it involved. cerned abont protecting the increased co-operation between companies in different EC countries. The loan is for 18 years and

cover only a relatively small part of Europe's share of the \$180bn-a-year Euro issues. takes the form of a credit facil-**European Community Issners** ity in which the company can account for about one third of choose to take up the loan or part of it at any time during a • The European Investment Bank (EIB) said yesterday it would lend up to £150m to Britfixed period in one of a number of different currencies.

The EIB said it was to help ish Aerospace to help finance the development of the new finance British Aerospace's share of the costs of develop-Airhus A-320 aircraft, Reuter ment.

THE SWISS Banking Commission is to launch an investigation into the so-called "Lebanese connection" in (£744m) of drug money is alleged to have been laundered in Switzerland. Dr Hermann Bodenmann. the Commission's chairman said yesterday the inquiry would start this week and the

public would be informed of the results "as soon as possible". Swiss anthorities said on Friday they had evidence that at least SFr1bn worth of drug money bad been laundered through Swiss banks and foreign-owned companies in Switzeriand for a Lebanese-Turkish

drug ring. Criminal proceedings in the cantons of Zurich and Ticino are under way and a total of nine arrests have been made so far. Credit Suisse, one of the country's largest banks, said last week it was carrying ont its own investigations into the affair and the Union Bank of

Switzerland has snpplled details of accounts opened by four implicated Lebanese. Yesterday Dr Bodenmann called for the rapid implementation of a law explicitly forbidding money-laundering activities by Swiss banks. Money laundering is currently

not against Swiss law unless the funds are used to bny drugs or for other criminal

ise formaily that it will pur-chase by the end of 1999 a 20 down from its opposition to Daimler-Benz, the motor and engineering group, taking a 30 per cent stake in Messer-schmitt-Böikow-Blohm (MB6). be taken in a new MBB subsidiary grouping West Germany's Airbus activities. This under-taking was already foreseen by the aerospace concern. This followed a special cabithe Government.

In a campaign widely seen as an effort to improve his politi-cal profile following his appointment last month, Count Otto Lambsdorff, the FDP chairman, has recently given a

series of interviews opposing the Daimler-MBB link. In private, however, he has admitted that there was little alternative to the deal. Yesterday, he told a press conference that, as a means of ensuring that private industry took over from the state the lead role in developing Airhus, Daimler

Talent abounds on Teesside. The talent of an industrial and commercial base established for over a century. The talent of commercial base established for over a century. The talent of giant corporations and of smaller specialist enterprises. The talent of Teessiders – whose skills reach right across heavy and light engineering, chemical and petrochemicals engineering, metals production and application, major port and oil terminal operation, computer exploitation, food technology and design, research and development, and pro-feasional services of every kind. Talent expression itself in a fessional services of every kind. Talent expressing itself in -

ICI's Wilton plastics and petrochemicals site which includes Europe's largest petrochemicals complex and ICI's Materials **Research Centre**

British Steel's 3,000 acre plant operating Europe's largest blast furnace, producing three million tonnes of steel a year

Davy McKee's engineering and construction organisation serving the world's iron, steel and metal forming industries

BASF Chemicals' Seal Sands plant producing raw materials for acrylic and nylon fibres and engineering plastics production

Phillips Petroleum's North Sea terminal, handling every drop of oil from the Ekofisk fields, and processing, storing and loading it to tankers

Europe's biggest CAD/CAM centre - on Middlesbrough enterprise Zone - and Middlesbrough Polytechnic's CAD/CAM capability

RHM Foods' and other specialists' food and drinks development

Nissan's purpose-built terminal through which the bulk of its Japanese-made vehicles are distributed direct to UK dealers - and its UK production exported

Redpath Offshore, Whessoe and Davy Offshore, module makers to North Sea oilfields, poised for the future challenge

Davy Forge's advanced metals production techniques, meeting the exacting needs of aerospace, defence and medical technology

. .

"...where you have initiative, talent and ability, the money follows' The Rt Hon Margaret Thatcher, Prime Minister, Teesside, 16 September 1987

The biggest of them all, with great powers of control over 19 square miles of land, Teesside Development Corporation has the ability to harness Teesside's many strengths and place them at the service of investors and developers. The Development Corporation has an enthusiastic and representative Board drawn from every section of the community – including Local Authorities which have laid much of the foundation of new industry and facilities on which the TDC is building. Among Teesside's multiple strengths -

The commitment to its renewal programme of major develop-ment and investment forces: British Urban Development, Brookmount, Lovell Partnerships, Murray International, PosTel, Trafalgar House, Taylor Woodrow, AMEC, Sir Alfred McAlpine, BICC, Costain, John Laing, Mowlem, Tarmac, Wimpey, McLean Homes, Bellway Urban Renewals

The UK's second largest port in volume of trade handled - and the North East's principal gateway to and from Europe and the rest of the world

Through its port and excellent motorway and rail links, command of a massive population market in the UK and on the European mainland

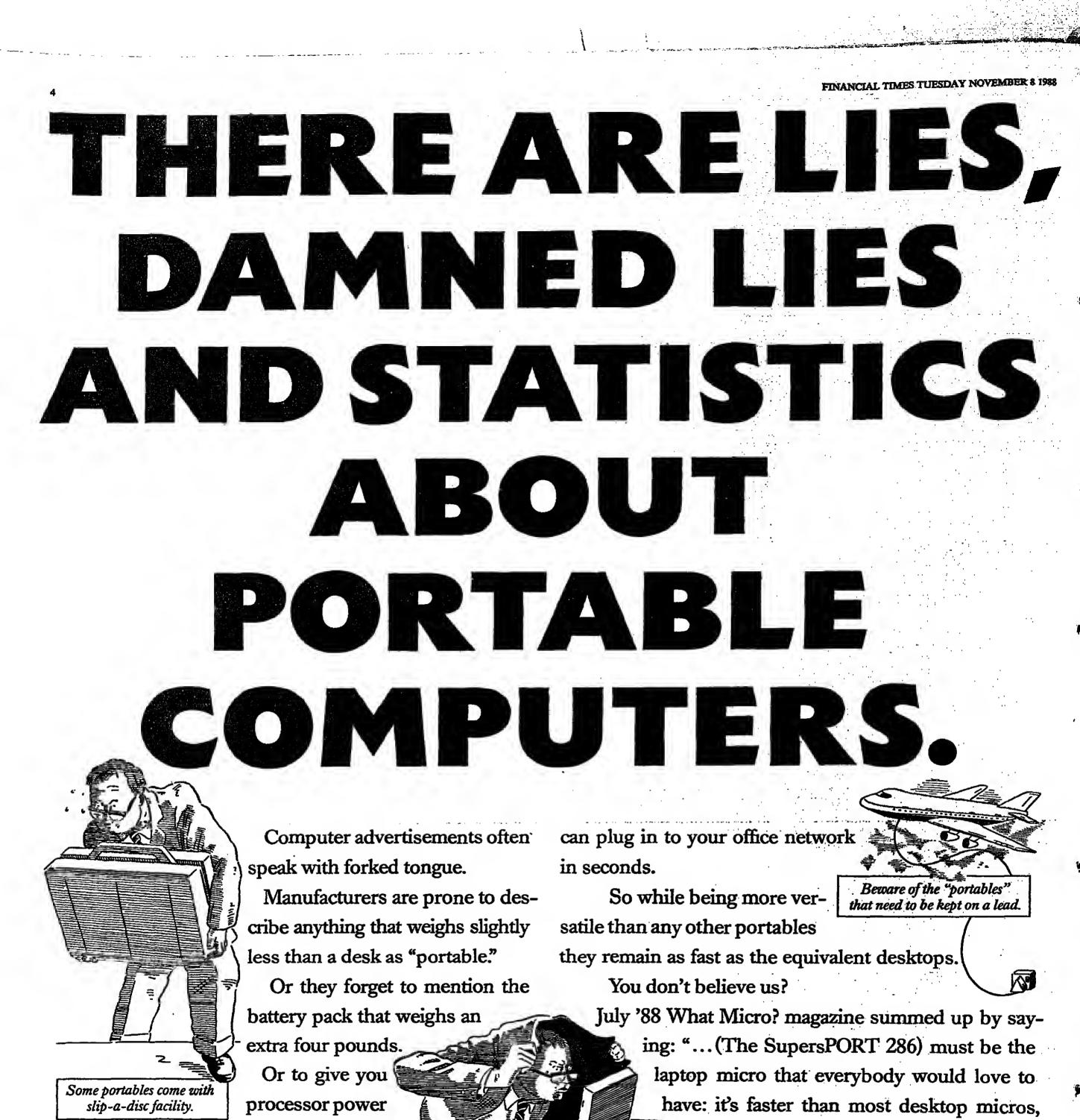
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A lifestyle, derived from a compelling partnership of urban amenity and easy access to incomparable coast and countryside, voted near the top of the UK league table

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Some manufacturers make screens that need to be kept in the dark.

they get rid of the batteries altogether.

Thereby making the "portable" dependant on a power lead for the rest of its life.

Or they build screens that are only legible in a dark room.

And what these computers lack in specification their ads often make up for with overclaim.

But the Zenith TurbosPORT 386 and SupersPORT 286 machines were designed so that they could even use OS/2 on the move, miles from any power socket.

And all our machines, from the SupersPORT up

Some portables run in the slow lane.

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weighs from 14.5lb, runs on batteries and

has the best LCD screen we have seen." What more could

we say? Except, of course, phone us on 0800 444124 for further information. In case you think it all sounds too good to be true.



THE QUALITY GOES IN BEFORE THE NAME GOES ON:



DVEMBER & LES FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

AMERICAN NEWS

Weary Bush seeks to hammer home his message

Peter Riddell watches as the Republican Vice President basks in the glow of Hollywood's stars

FOR MR George Bush, polling day has come not a moment too soon. During speeches in southern California on Sunday afternoon he sounded tired and several times talked, with relief, of the campaign now

going to the wire. Moreover, the latest opinion polls in California, with its 47 electoral college votes, suggest that the Republican candidate is coming under pressure in a presidential race in the state for the first time since 1964. Mr Bash is given a lead of only two to five points here, so his hrief visit to southern California was followed yesterday by one from President Reagan, returning to his political home base, and by an evening rally in Los Angeles addressed by Governor Michael Dukakis. Mr Bush's weekend schedule

included the north east and several big mid-western states (some more than once), as well as the West Coast, in an increasingly hectic pattern which would have earned him a record bonus on any airline's frequent flier programme. Yet Mr Bush's tiredness led

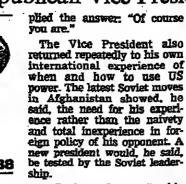
him to depart from his standard campaign speech and to reveal some of the frustrations of the campaign. He com-



US CAMPAIGN '88

plained about the daily whining of his opponent about nega-tive campaigning. The contest was, Mr Bush said, not about some television commercial some terevision commercial but about the leadership of the free world. Repeating Harry Truman's adage, he urged Mr Dukakis: "If you can't stand the heat, get out of the kitchen."

Mr Bush's message has, through repetition, been honed down to a few simple points about economic expansion and peace. He returned to Presi-dent Reagan's 1984 theme, saying that the fundamental ques-tion was: "Are you better off than you were eight years ago?" in case of doubt, he sup-



Mr Bush sought to define his "mainstream" theme broadly, saying he represented the ones who paid the taxes, who met the mortgage, and lived in the community, "family people." He derided Mr Dukskis's claim of being "on your side", saying it was what the computer virus had told the Macintosh.

Otherwise, it was a some-what rambling affair. A pledge "not to take away your guns", which drew the largest cheers of the day, was put in the mid-dle of a section on cleaning up the amirrormant it also some the environment. It also came as police arrested a man in the crowd who dropped a starting pistol, filled only with blanks. The speech went down well at an open-air raily of over

Michael Dukakis

20,000 people in the predomi-nantly Republican snburh of Woodland Hills in northern Los Angeles. Everything had been carefully prepared flags for everyone, red, white and blue balloons, and a highschool band. Yet while the image for the

television news conveyed enthusiasm and patriotism, it allegiance (and muffed it).



was for the participants more of a picnic on a delightfully warm day with free hot dogs and Coca-Cola. Some in the crowd had come to see the stars: being just to the north west of Hollywood, it

was very much a show husi-ness occasion. Charlton Heston recited the inevitable pledge of

Andy Williams sang the national anthem (quite well) and Zsa Zsa Gabor, Joan Rivers, Pat Boone, Cesar Romero and other ageing glitterati were in attendance, along with Rich Little offering some feeble impressions.

The tone was set by Jamie Farr, who played Klinger, the male nurse in the television comedy series MASH who liked to dress up in women's clothes. He defended the ostentatious consumer spending of the Reagan years, saying that if he had a butler or a security guard for his swimming pool (which he did not) he would have created two jobs. But he had bad a private pool built for himself and that had created

free enterprise capitalist sys-tem was all about - a point which struck home in one of the most affluent neighbour-hoods in the world, where

brought home most vividly hy the compere of the occasion the compere of the occasion, Mr Chuck Norris, a karate world champion. He com-mended his "philosophy as a martial artist of peace through strength.

Liberal lead alarms **Canadian markets**

By David Owen in Toronto

CANADIAN financial markets reacted sharply to the publication of an opinion poll giving the Liberal Party a command-ing 12-point lead in public support yesterday, with equities, bonds and the Canadian dollar all tumbling precipitously.

The Gallup pell assessed support for the Liberals at 43 per cent of decided voters. cral revival is quite unprecedented: little more than two weeks ago, the Conservatives appeared to be coasting to vicagainst 31 per cent for the rul-ing Conservatives and 22 per cent for the New Democratic tory. Party (NDP). Just a week ago versally altributed to the strong performance of Mr John Gallup had indicated that the

Tories held a six-point lead. By midday, the benchmark Toronto Stock Exchange TSE-300 index had dropped almost 75 points or more than 2 per cent, to 3251.1. of the Prime Minister suc-ceeded in sowing seeds of

Long-and medium-term bonds drifted by about two points in nervous trading. Meanwhile, the Canadian dol-lar slipped back about 0.7 cents from Friday's close to some \$0.88 US cents, despite central

bank intervention. Last Monday, the Canadian dollar fell almost 1.5 cents in frenzied trading, following, the publication of polls showing that the Liberals were gaining ground Yesterday's reaction to the Gallup poll was due to the fact

the business community.

growth, a scandal-free adminis-

tration and the lowest unem-

ulation, are expected to partici-

pate in the elections here,

ment programmes. Yesterday's poll puts the Lib-crals in the lead in Outario, the that it appears to place Prime Atlantic region and Frenchspeaking Quebec, which until recently had appeared one of Minister Brian Mulroney's still unratified US-Canada free the most solid bashons of Tory support. The Conservatives ger. The pact, which would eliminate virtually all tariffs remain ahead in the Prairies, while the Tories and NDP are on trade between the two counneck-and-neck in the Pacific tries over 10 years, has gar-nered widespread support in coast province of British Columbi..

Puerto Ricans vote today

It is bitterly opposed by the Liberals and the NDP alike, however. For the agreement to

go into effect on January 1 as

planned, therefore, Canadians would need to elect a second consecutive Tory Government

The suddenness of the Lib-

The about turn is almost uni-

Turner, the Liberal leader, in

the campaign's two televised

debates. While Mr Turner failed to land a knockout

punch, his relentless hounding

doubt in voters' minds regard-ing the trade deal, and did

much to erase uncertainty about Mr Turner's competence

to lead the country. Mr Turner and Mr Ed Broad-bent, the NDP leader, maintain

that the deal Lays Canada open to increased US domination

and jeopardises the country's

social and regional develop-

on November 21.

Swelling crowds spur Dukakis to fight to the last

Roderick Oram sees the public beginning to warm to the Democratic candidate

FIGHTING to the last hoarse "We're on your side", Mr Michael Dukakis, wound up his quest for the US presi-dency last night and headed home to Massachusetts. America will deliver its verdict in voting booths 605 days

Tapping his party's rich liberal roots and pounding home a simple populist message, the Democratic candidate has in recent days dramatically cut the lead of Vice President George

The tightening of the race has spurred on Mr Dukakis through the last four gruelling days of campaign-ing. He seemed to draw enthusiasm and energy from the crowds, which grew in size and emotional intensity as he travelled from east to west coast. At last he was striking a rapport with voters after months of missed opportunities and cold, cluttered me

We want Mike, we want Mike," the Chicago andience chanted on Friday evening. Throwing his arms high and wide, he shouted back: "You want Mike? You got him." He gave them the earnest fiscal conservative but leavened it with the wit and wisdom of heroes from the Demo-

"If yon believe, as John Kennedy did, that this country can never he satisfied with the status quo, that we've always got to be moving ahead, doing better, working hard, expanding the circle of opportunity for all of our eitizone the circle of a second s citizens, then we're on your side. We're on your side." Mr Dukakis has also hammered

away at Mr Bush for what he called the Republicans' highly negative and often misleading attacks on him, his policies and his heliefs.

He quoted Harry Truman from 1948, the year when the Democrat inflicted a stumning come-from-behind defeat on the Republicans: "The smart boys say we can't win. But we told the people the truth, and the people are with us."

assertion. Those voters deciding between the candidates in the past two weeks have been choosing him hy ratio of two-to-one over Mr Bush, whom they blame more for the low tone of the campaign. As controlled as ever, though, Mr

Dukakis has shown only a few flashes of hot anger at Mr Bush's tactics. It has been instead the fiery Mrs Kitty Dukakis who has let rip at the "vilification" of her husband.

"The only 'L' word my husband's opponent has used is lies," she said to a roar of support from the Tacoma cro If Mr Dukakis has at last learnt to

attack, he still seems earth-bound hy his pedantic nature. Zing lapses into lugubriousness. He steps to the podium, doffs his jacket and rolls up his plain blue shirt sleeves. But only just so far, midway between wrist and elbow. His red tie remains firmly

eople the truth, and the people are ith us." Recent polls bear out Mr Dukakis's day of St Michael, he frequently

reminds crowds. But not for him a rabhle-rousing quote from Revelations or Milton's Paradise Lost about Michael as a military leader in the war between God and Satan. "We want to be celebrating my name day with

ou," comes the pulled punch line. All along, Kitty Dukakis kept trying you to tell America her husband was more than a stuffed shirt topped hy a hig hard head. He thinks the public has got to know him as he improved on the hustings. "In the last three or four weeks, I hope people are getting a better idea of Mike Dukakis," he told group of 60 students after the Tacoma rally.

The encounter with the undergraduates was more revealing, though, than a dozen crafted commercials. For half an hour he relaxed in a classroom fielding more than a dozen questions on topics from Israel to acid rain.

It was late in a long campaign day hut he never lost his train of thought, though a cough sweet rattled against

his teeth.

He chatted warmly. Under no pres-sure from advisers to communicate in sound hites, he spoke in full unmangled sentences, sometimes in complete paragraphs and always directly to the questions. He also quizzed the students. "I'm going to become Socratic in my kennedy School mode," he said, referring to his teaching at Harvard's school of government.

Why go through a campaign like this, one student asked. Because "after 25 years, I have found there is nothing more satisfying than public service," he replied. "I think I'll be a far better president for going through this." Twenty months and 500,000 miles on the road "have shown me things I want to do, the greatness of this country, the goodness of its peo-

try. The national press had already left, hurrying to the next campaign stop 300 miles away.

and the second

Color Hall Ball

By Larry Luxner in San Juan BUOYED by strong economic One leading newspaper poll predicts that Mr Hernandez Colon, who favours continued Commonwealth status -self-government within US ployment rate in more than a decade. Rafael Hernandez Colon is likely to be elected laws - for Pherto Rico, will win with 38 per cent of the vote, compared to 3t per cent today to another four years as governor of this US possession. Nearly 2m Puerto Ricans, 80 per cent of the voting age popfor statehood advocate Balta-sar Corrada del Rio, and eight per cent for Ruben Berrios

Martinez, who demands com-pletc independence for the sland. On Sunday, the last full day of campaigning, all three party leaders held huge rallics la various parts of San Juan.

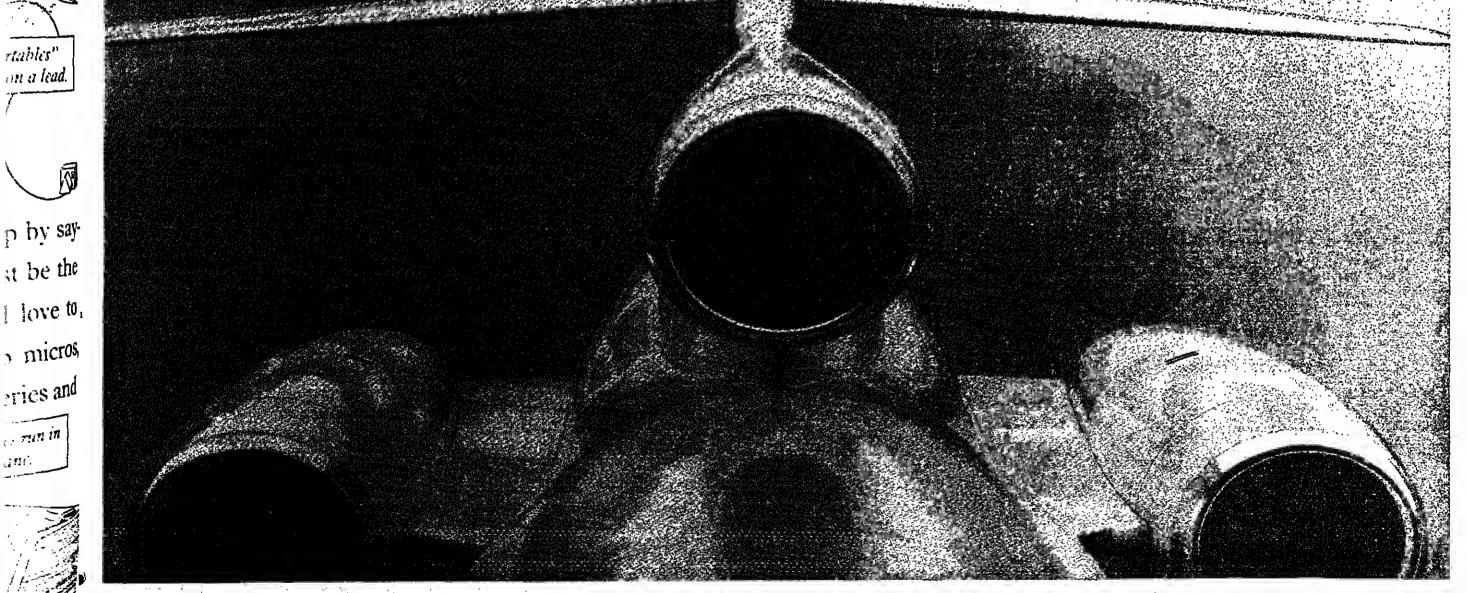
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which fall on the same day as the US presidential voting. Despite their status as US citi-The moment was lost to the counzens, however, residents of this Caribbean Island may not vote for president.

247 - A

jobs. That, he said, was what the

many do have pools. Mr Bush's message was



The three-engine Falcon 50 and 900. Executive jets as safe as airliners.

Of course you could stick with comparing operating ranges, cruising speeds, usable cabin space and the soundproofing of other private jets. Which, just between us, would only again highlight the advantages which are the strength and reputation of the Falcon the world over.

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But the comparison stops there for one very simple reason. The Falcon 50 and 900 have three engines.

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inhospitable zones, just

keep in mind the importance of the on-board electronics of a long-range aircraft.

Objectively speaking, the security offered by the three engine Falcon is comparable to that of commercial airliners, not of other corporate jets in their class. This is of course why executives prefer

the Falcon 50 and 900.

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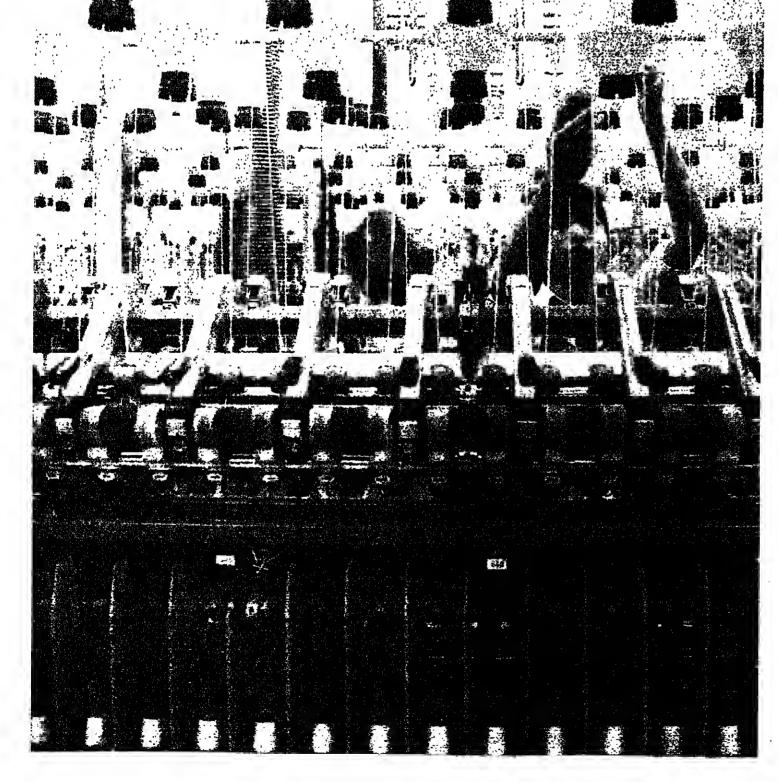
Business takes off with Falcon.

The Thread that runs through South East Asia

Tootal Group's advanced spinning mill in Guangzhou, China, a joint venture with the People's Republic, is now established as a major source stael ft diade

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or low-cost lingh quality yarn for the Group's thread con the world. A second mill in Tianjin will be even larger and more technically advanced and will also produce finished thread for export and sale in the Chinese market. The growth potential in the Asian thread markets and Tootal Group's own reputation in the region make this a vital area of opportunity. The Group's operating companies in South East Asia have grasped the opportunity. All have increased their market share and profits. Tootal Group is an international marketing-led group with sales of over £500 million. It operates in over 20 countries and markets its products in over 60 countries worldwide. The Group's broad base of textile interests has been extended to include office supplies, decorative homewares and advanced nonwoven materials. The Group aims to achieve leadership in all its markets by strategic development and utilisation of its global marketing, distribution and sourcing skills. The fruits of Tootal Group's strategy are already apparent. Six years of profit growth and increasing returns on capital employed. In 1987/88 significantly increased sales and a record profit before tax of £40.3 million. And record 1988/89 half-year profits of £19 million – £2.5 million up on the 1987/88 interim.

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WINNING LEADERSHIP IN WORLD MARKETS

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WORLD TRADE NEWS

Israel agrees to lift disputed trade barriers

By Andrew Whitley in Jerusalem

versial import barriers which have been the subject of repeated protests by its main trading partners, the US and the European Community Resolution of the disputes,

Assolution of the hispites, after prolonged negotiations in Washington, lifts a large cloud hanging over the three-year-old Free Trade Agreement between the US and Israel, ft also eases the threat of retailatory action by the EC hy the EC.

The two principal bones of contention were an import aqualisation levy - the so-called "Tama tar" - and the exemption of Israeli manu-facturers from a purchase tax levied on imported raw materi-als and semi-finished goods. Whereas Brussels has been

more exercised over the for-mer, Washington's main con-cern dwelt on the inequity of the latter. Another, specific concern of US industry, an effective ban on imported ply-wood, imposed by the Israeli government at the request of a local cartel, was also allevi-

After three weeks of negotia-tions with a US team led by Mr Michael Smith, the Deputy Special Trade Representative, an Israeli delegation agreed that the Tama tax will be abol-ished by January 1, 1995. This is the target date for the ending of all trade harriers between Israel and the US. Washington was insistent on

UK announces £340m export credits to Iraq

BRITAIN yesterday announced new lines of credit for exports to Iraq worth £340m (\$600m) over the next year, nearly dou-ble the £175m agreed for 1988, Victor Mallet writes.____

Mr Tony Newton, UK Trade and Industry Minister, con-cluded the trade deal in Baghdad at the annual meeting of the UK-Iraq Joint Commission. He said UK companies should now be able to win contracts worth nearly \$400m in 1989. The increase reflected the

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confidence of the British Gov-ernment in the long-term strength of the Iraqi economy and opportunities for increased trade following the ceasefire in the Gulf war, he said.

ISRAEL HAS AGREED to meeting the deadline. phase out a number of contro- Israel's main achievement in the often difficult negotiations - repeatedly extended so as to avoid having to rafer to non-binding arbitration - was the six-year breathing space it gained Tama. The US had ini-tially demanded that it be abol-ished immediately.

The purchase tax exemption - covering 41 categories of goods ranging from wine and furniture to textiles and footwear - will similarly be abol-ished in phases by 1995. One category of goods will see its comparative advantage over finished imports eliminated as soon as January 1, while the most sensitive items - mostly textiles and clothing - will enjoy its benefits for a further

Although not explicitly spelt out in the protocols signed last Friday, Israeli officials are understood to have agreed that the benefits resulting from Turney abolition mould also he Tama's abolition would also be applied to other trading part-

applied to other training par-ners. The US accord marks a sig-nificant advance on a tenta-tive, earlier EC agreement. A stated willingness to permit access, for the first time, to import tariff calculations assures an important degree of "transparency" in trade rela-tions with Israel which did not exist before. Exporters to Israel frequently complain about the frequently complain about the difficulty in calculating the

basis for import taxation.

\$450m order

for Boeings

Morocco places

ROYAL Air Maroc has placed a

firm order for 10 Boeing pas-senger jets worth \$450m and

has taken an option on a fur-ther 10, Francis Ghiles writes. The aircraft will be a mix-

ture of 737-400 and 737-500 jets.

They will be delivered between May 1990 and May 1994 and will help to renew Morocco's ileet of ageing 727s and 737s. The size of the order reflects

the growth of the Tunisian

at Gatt By William Dullforce in Geneva

Brazilians

head Third

BRAZIL yesterday spearheaded a Third World drive to get the world's trade ministers to reaffirm the prin-ciple of special treatment for developing countries, when they meet in Montreal in December.

At the annual meeting of the General Agreement on Tariffs and Trade (Gatt), one delegate after another warned the US and other industrial powers not to count on Third World co-operation at the mid-term review of the trade-liberalising Urnguay Round in Montreal unless they made a greater effort to meet developing coun-try interacts

erior to meet neveroping coun-iry interests. The rich committee were "ref-using to acknowledge factual and objective differences between nations," Mr Rubens Ricopero, the Brazilian ambas-

Riczpero, the Brazilian ambas-sador to Gati, said. The commitment to promote development made by minis-ters, when they launched the Uruguay Round in 1986, had been disregarded and under-mined in practically all the 14 subjects under negotiation, Brazil itself had been the victim of unilateral and illegal actions by the US Government.

actions by the US Government, he added. He was referring to the US imposition of duties on imports from Brazil in return for Brazil's alleged failure to provide patent protection for US pharmaceuticals.

Developing countries' criti-cism of the industrial powers' behaviour at the Gatt meeting followed the charge by Latin American countries last week, that "profound asymmetries" had come to the surface in two

years of trade talks. The big powers had exerted pressure to nbtain results in so-called new areas - services and intellectual property without responding ade-quately to Third World priori-ties, the member countries of

the Latin American Economic the Latin American Sconomic System (SELA) stated. The link between trade, international finance and Third World debt had to be incorporated in the Uruguay Round, their statement added. There would be no progress in the round if the industrial powers persisted in jenoting powers persisted in ignoring the principle of special and more favourable treatment for

developing countries, the Latin American declaration

ing up of developed markets to tropical products. Another demand is that

Egypt fights to revive Arab arms venture

Tony Walker on plans to unfreeze funds for a long-established military organisation World drive

HEN Lieutenant-Gen-eral Ibrahim al-Orabi took over as chair-man last year of the Arab Organisation for Industrialisation - an Egypt-based arms manufacturing conglomer-ata - he set himself the task of quickly revitalising an organisation that had not realised its potential.

Twelve months later Lt-Gen Orabi, a tough career soldier-turned-businessman, has made the AOI a sharper commercial organisation. However, he still has some way to go towards achieving his broader aims of securing new funding, estab-lishing a new ownership structure and settling a big project that would complement his efforts to give the AOI a higher profile.

Lt-Gen Orahi, the former Commander-in-Chiaf of the Egyptian armed forces, said in an interview in his modern office in the husy Ahassiya dis-trict of Cairo that his "real batthe" was in persuade Arah states of the need for the AOI and the benefits that would accrue from a strengthened organisation.

When the AOI was established in 1974 with capital of

\$1.04bn, subscribed by Egypt, Saudi Arabia, Qatar and the United Arab Emirates, its task was to acquire sophistication in arms manufacture that would balance Israeli expertise. The Arabs hoped the AOI would form the nucleus of a regional arms industry that

would give them a degree of self-reliance. But the suspension by most Arab states of relations with Egypt - in protest at its 1979 peace treaty with Israel - scuppered many of the organisation's ambitious plans. organisation's ambitious plans. Saudi Arabia, the UAE and Qatar froze their investment and said they were withdraw-ing from the AOL Egypt, in consultation with its former partners, is now looking at a different formula that would allow the utilisa-tion of some \$700m of frozen

tion of some \$700m of frozen funds that have been beld in blocked European bank accounts since 1979. It also hopes to attract addi-

tional investment. One pro-posal is for Egypt's original partners to become sharehold-ers in the organisation with seats on the board but removed from day-to-day management decisions. It is also possible

that other Arab states may be invited to participate as shareholders

As Lt-Gen Orahi pointed out, such a step would require a political decision by the respec-tive governments. In the meantime be is pursing priorities that include boosting the AOI's research and development capabilities and developing a marketing division (AOI surprisingly had no marketing section when Lt-Gen Orabi took over). He also seeks to extend AOI's co-operation with its existing partners which include several British compa-nies, and searching for a large contract to reduce the under-u-tilisation of its factories.

ket for the EH101 in Egypt and in the wider Arab world had His proposal to Westland not, for example, yet been clearly established. Lt-Gen Orabi said an attrac-Helicopters of the UK that the two organisations join in the manufacture of the EH101 utiltion of the EH101 was that Rolls-Royce (RTM 322) engines for the helicopter could be ity troop-carrying helicopter fits neatly into the latter ambihave the advantage for AOl of helping to persuade the British company to shelve its <u>COOm</u> assembled in Cairo at the Arab British Engine Company (Abeco) in which Rolls Royce action, initiated in the Internaional Chamber of Commerce in Geneva, against AOL Westland is seeking compen-sation for the abandonment of be discussed with Rolls-Royce its possible involvement in the

project. Egypt and Rolls-Royce recently signed a contract for a project to manufacture Lynx continued maintenance work

on Sea King belicopters used by the Egyptian air force. helicopters by the AOI when Egypt's former partners with-drew in 1979, Westland has

ome time

Lt-Gen Orabi is also keen to indicated that litigation would extend co-operation with be dropped if a new co-operative venture goes ahead to build the EH101, which has another British company - Britisb Aerospace - in the manufacture of anti-tank missiles. AOI and the UK combeen developed in a 50/50 ven-ture by the UK company and Agusta of Italy. "If we can get a good com-mercial deal," said Westland, "then that could lead to the settlement of the litigation." pany are at present discussing a replacement for the Swing-fire missile they bave been producing in partnership for

Lt-Gen Orabi, who gives the oppearance of being a man in a burry, said that if Westland and Agusta decided against the EH101 project, there were other conlenders. One of these is understood to be the Sikorski-huilt Black Hawk which has been offered under the US foreign military sales pro-gramme that provides Egypt with funds of about \$1.3bn annually.

Describing the proposed heli-copter deal as a "strategic proj-ect," Lt-Gen Orabi saud it fulfils one of the AOI's "precious aims" which is to produce sophisticated systems of armament, both for export and for the Egyptian military.

Far Eastern countries fuel Caribbean clothing boom

By Alice Rawsthorn

THE CARIBBEAN hasin is experiencing a boom in cloth-ing production thanks to an increase in investment by Far Eastern clothing companies turning to the Caribbean as a base from which to export to the US.

The industry in the Carlo-bean expanded rapidly in the 1970s, when giant US textile

groups began to establish maning plants. This investment has been ufacturing bases in the region. But in recent years, according to a new report* from the fuelled by the imposition of stricter restraints on imports of clothing from the Far East into the US. Another factor is the Caribbean's low labour Economist Intelligence Unit, the Caribbean has attracted investment from Hong Kong and South Korea. Since early 1986 South Korea has provided costs: from \$0.81 an hour in Haiti, compared with over \$2 in investments worth \$6.6m (£3.7m) in 15 Caribbean cloth-Hong Kong. Freight costs are also lower because of the prox-

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imity of the US market to the

is a partner.

Westland officials warned,

however, that discussions were

still at an early stage and there

were reservations about a pos-sible deal. The size of the mar-

On a recent visit to England

demand. The EIU suggests also Caribbean. there that there sught be Imports of clothing from the Caribbean by the US increased restrictions on imports of clothing from the Caribbean made from fabries sourced out-side the US. in volume by 26 per cent last year and trebled in the five years from 1982.

**The Coribbean Clothing Industry" by Peter Steele is available from the EIU, 40 Dake The EIU expects this growth to continue though there may be a slowdown in the rate of Street, London WIA IDW for expansion in US clothing £245.

THE VOICE OF SOUTH AFRICAN BUSINESS



Derek Keys, Chairman of Gencor talks to John Spira, Finance Editor of the Johannesburg Sunday Star.

number of mixed situations -- situations where 40 percent of the Spira: Gencor is widely known as South Africa's second-largest



tourist industry. • Air New Zealand, which is in the process of being offered for sale by the Government, has launched an expansion Among the specific results the developing countries expect at Montreal is the openprogramme with increased ser-vices to Singapore, Hong Kong, Tokyo and Tasmania.

shipping compliance fines By Andrew Taylor

Insurers back away from

TWO international insurers said yesterday they would not provide cover for shipping agents and brokers against fines imposed under compli-ance agreements filed with the US Federal Maritime Commis-sion affacting liner traffic between the US and north Europe. Compliance agreements set-

ting out the rules governing trading relationships between conference lines are policed by a Zurich based enforcement agency TAG/ICIB Service which has the authority to

impose fines up to \$300,000. Shipping agents and brokers are concerned that shipping lines may try to impose con-tract conditions which would enable them to pass on fines to agents and brokers. Two independent mutual

insurance companies CISBA-CLUB and TIM, both based in London, have warned members that neither will provide cover for fines passed on by shipping lines under compliance agreements. The two companies pro-vide insurance for about 800 brokers and agents worldwide. Mr Paul Smith, a director of CISBACLUB Management, said the Zurich enforcement agency was not bound hy normal rules

of evidence. It had the authority to demand documents and could impose fines on agents which refused to hand them The Federation of National

Associations of Shipbrokers and Agents recently passed a resolution condemning compliance agreements as "iniquitous and contrary to generally accepted ideas of justice."

GILT EDGED GIFTS FROM THE

industrial countries abide by the trade ministers' 1989 standstill commitment. Goverments then undertook to eriments then undertook to introduce no new protectionist measures during the four-year Uruguay Round.
 Mr Arthur Dunkel's appointment as Gatt director general was extended yester-

day until September 1991 by the Gatt amual meeting. He has held the job since 1980. The extension will enable the Uruguay Round to be com-pleted under his ageis. • The US indicated yesterday that it would retaliate against

the European Community, if the EC put its ban on imports of hormone-produced meat

or normone-produced meat into effect in January L. Mr Michael Samuels, deputy US Trade Negotiator, said at the annual Gatt meeting that the EC had blocked discussion of the matter in Gatt's committee on technical barriers to trade for over a year. The US would have to defend its trade rights "in alternative ways."

se. But there's a great deal more to Genco just gold mining. What is the scope of the group's activities?

Keys: More than half of Gencor's profits come from mining. The composition of our mining income differs from those of other mining houses because we have a very strong hand in base miner-als, fundamentally represented by SA Manganese Corporation (SamanCor) but also by Richards Bay Minerals. Consequently, car gold mining interests are, percentage wise, not as large as those of, say, Anglo American and Gold Fields of SA.

We have a large stake in platinum, where we are the other large player in the platinum market in South Africa. We also have, via Trans Natal, a major situation in coal, concentrated in the export market and distinguishing us from Amcoal, which has a very big position in Eskom supply. So we're a mining house with a difference

Outside the mining field, we've got Sappi, which is a pulp and paper player of world class. It enjoys large export sales, with products well-diversified in terms of product types and the marproduct well-diversified in terms of product types and the ma-ikets to which they go. We believe Sappi has extremely good prospects. In addition, we have a large and diversified portfolio of other industrial companies — a portfolio built up in a fairly atomistic way but which has now been brought together under the unbrells of a group company, Malbak. We believe that with the outstanding management that is characteristic of Malbak, this portfolio will evolve into a dynamic industrial conglomerate at least the equal of any which exists in South Africa today. We regard our investment portfolio and activities as being separate from our mining operations and a good percentage of our profits comes from running that portfolio. We have an associat-ed investment company called Genbel, which has a net worth of nearly R2 billion, and which acts as an adjunct to our investment activities in Gencor.

activities in Gencor.

Combining the two aspects of Gencor's industrial interests, you have a substantial profit earning activity, which is being more dy-namically run than in the past which can also be an important profit contributor in the future, io addition to being a valuable source of finner funds for new projects. Gencor employs some 250 000 people and controls net assets

of about R9 billion.

Spira: What is Gencor's policy regarding the decentralisation of managers

Keys: We believe in giving the associated businesses a lot of au-tonomy and independence. We look to them for entrepreneurial action. As an illustration of this principle, we are going the route where we shall no longer be consolidating our active companies. For a good number of years, the Gencor balance sheet has been a strange one insofar as we have never consolidated a gold mine, even where we've owned large percentages of those mines. Yet we've consolidated Sappi, which meant that we had all of Sappi's consolidated debt on our balance sheet and only a portion of our mining assets. To make the accounts consistent, we've decided to go the route of dot consolidating anything. We've reduced our the set of the set of the set of the second set of the same applies to various other interests.

So we're now presenting ourselves as what we are - a pool of risk capital with connected businesses that are in our sphere of control but which in no sense can be regarded as one large Delsiness

Spira: How woold you characterise Gencor's approach to in-dustrial relations?

Keys: We think the best industrial relations policy is made by smart line managers who have been trained on industrial relations is-

snes. That's the way we try to run this group. In other words, it's the mine managers that we look to for the winning line in terms of industrial relations. We don't have a centratised industrial relations policy that we try to sell, disseminate and impose on our managers. We try our best to ensure that our people are properly informed on the issues of the day. But we leave the final implementation to them. Some are better than others, Yet all of them are better acquainted with industrial relations than we at head office, where we're too remote from the interface with Isbour. I believe this approach has been outstandingly successful — in good times and bad.

When we had the mine strike last year, Gencor had the greatest

fabour force was working and 60 percent wasn't working. This is the type of fundamental situation where you get intimidation and strife. Those people were living, by and large, in the same hostels and we nevertheless didn't have an undue number of violent incidents, nor did we suffer an undue loss of production. And we eventually got everyone back to work in a good frame of mind.

we eventuary got everyone back to work in a good frame of mind. So in a bad time the approach worked very well. In a good time, like this year, we've had a minimum of labour problems. I ascribe this to putting the responsibility for good in-dustrial relations where the responsibility for good industrial re-lations belongs. I ascribe it to a lack of ambition at the centre of Genore to generate what therefore a back of ambition at the centre of Gencor to prescribe what should happen.

Spira: How do you see the outlook for industrial relations in ing context? 3 100

Keys: I have to be optimistic, because I think there's so much that can be done - in terms of training, equal opportunity and in-creased productivity. My experience of the effect on the recipient of those three factors is that job satisfaction is enhanced to such an extent that I'm really looking to them to be a lubricant in the furtherance of industrial relations in South Africa in the next five years. I genuinely believe that we're going into a fundamentally good situation, with people doing more, getting paid more and having more demanded of them.

We at Gencor have set ourselves a goal of having an identity of interest with our employees. We really mean what we say, I want the man at the workface to be as keen for Gencor to do well

Spira: Does Gencor have a clearly defined mission of which all employees are aware?

Keys: Yes indeed. Geneor's aim is real growth. Geneor's business is targeted on starting or acquiring major business ventures and accelerating the development of our existing businesses. Gen-cor's goals are to achieve the esteem of the communities in which we operate, to achieve an identity of interest with our employees, to achieve the admiration of our customers and suppliers and to achieve a higher than average return for our shareholders. Finally, Gencor's style is to encourage the creation and develop-ment of independent entrepreneurial and participative manage-ments to whom we delegate responsibility for their share of our mission

Spira: How do you view South Africa's future in terms of world gold production against the background of the country's declining share of global output?

Keys: One has to understand why we're lagging behind. We ha-ven't opened as many new mines as we might have done owing to soaring costs. But there are new mines coming in the treasure house that is South Africa, Gencor is spending, in real terms, five times as much on gold exploration as we were three years ago. Outside Gencor, there are many active gold mining explora-tion companies which have marshalled funds and which are applying them to prospective new ventures. We know from what we encounter in the areas where we're acquiring options and put-ting down boreholes that the other mining houses are spending a tremendous amount of money. So there's a lot of spending on

gold exploration going on. Gencor is putting a lot into exploration because we think there's a better-than-even chance that we can find new exploitable reserves. It takes a long time and it costs a lot of money - more than RI million to put down a single borehole. But we have our geologi-cal models and we're going after big prospects.

Spira: What does the fature look like in the other areas of mining?

Keys: We know where all the coal is. There are huge reserves and Gencor has its share. We more or less know where all the platinum is. There's been a scramble for platinum in the past couple of years and we've done our fair share here. We're not entirely satisfied with what we've got but what we have in train could produce what we want, which is to be a substantial long term player in platinum. In the manganese and chrome spheres, Gencor's Santancor is dominant in world markets and it has reserves for a thousand years. In addition, for Samancor there are many opportunities down the beneficiation route.

Spira: Sanctions have clearly hurt Gencor's coal

DEREK KEYS

interests. How badly?

Keys: Ironically, South Africans have been our worst enemies. When sanctions started to reduce our marketing possibilities, some of the players panicked. Gencor hasn't been directly affected by any sanctions but the South African sup-pliers who were affected by sanctions started dumping their output in markets where we were established. It happened at a time when Colombian coal production was

coming on stream and when the Chinese thought they were sition to offer much more coal, so suddenly we were surrounded by people offering coal at stupid prices. In that way sanctions had a profound impact on us. In terms of volume, we weren't affected. Once the Colombians couldn't deliver the quantities they thought they could and the Chinese couldn't deliver either the quantity or the grade they promised, we had people knocking on our door every week for more capacity which we couldn't supply. Prices have since hardened but the situation hasn't got back

to normal in the sense that if you look at any study of world steam coal trade up to two years ago, you will have seen that by 1998 they had 90 million tons coming out of South Africa because we were the lowest-cost producer, with all the port facilities and infrastructure. Now, because of sanctions, you won't see any such projections. The formerly perceived bright future has been dimmed and it will remain dim until sanctions have been effectively countered. And the predictions are important to the extent that they affect investment in South Africa's coal mining industry.

Spira: Have sanctions harmed Gencor in other areas? Keys: No.

Spira: What are the prospects for the South African economy in the year ah

Keys: I don't see a particularly strong domestic economy un-ni events take place that reduce the current level of uncertainty among businessmen.

Spira: What are your comments on the pace of economic and political reform in South Africa?

Keys: To me, economic reform means what businessmen can do in terms of progress. We can still do a great deal. I don't know of a businessman that has taken the same risk with his constituency that President P W Botha has taken with his constituency in order to try and bring about political reform. So business can and ought to be more enterprising.

Spira: What progress is Gencor making in the area of

Keys: We're heavily involved and we want to be involved. But private soctor participation in synfuels — Geneor in the case of the Mossel Bay oil-from-gas project as well as the torbanite project — will only be feasible if a combination of the world oil price and the government financing formula produced the right answer.

We're quite impressed with what the Energy Fund has come out prices at their present depressed levels, the formula But with world oil prices at their present depressed levels, the formula is 't sufficiently attractive to justify a private sector project.

Gencor has to decide about the implementation of the tor-banine project within the next year. One of the two factors will have to change to produce a more favourable result if we're going to go ahead with that. In the case of Mossgas, we probably have till 1992 to make our decision about a major investment. One of the two variables will have to change for the better to make that project more viable.



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OVERSEAS NEWS

Taiwan's bills for industrial pollution mount

By Bob King in Taipei

THE state-owned Taiwan Power Company has agreed to pay \$86m to residents of Hongmao Harbour in southern Taiwan as compensation for pollution caused by the utility's thermal power plants.

The payments are part of a snowballing move by Taiwan's citizens to halt ranzpant indus-trial pollution, much of which as existed for several decades. Complaints previously were shelved because the Government considered economic growth more important than

its side effects. The agreement follows a sim-ilar one reached in mid-Octo-ber between industry, the Gov-ernment, and residents of villages near the Linyuan Industrial Zone, aleo in southern Taiwan. There, the companies concerned agreed to pay villagers T\$1.27bn (\$43m) in compensation for damage caused to coastal areas and waste water from 18 large pet-rochemical plants in the zone.

Residents invaded the zone in early October, forcing the shutdown of the 18 plants, including a pair of govern-ment-owned naphtha crackers.

HUNDREDS of forged stock certificates valued at millions of Taiwan dollars have been

discovered in Taiwan brokerage houses, and stock exchange officials said yester-

day they suspected more fakes

Forged certificates

Court urges relaxation

in Pakistan voting rules

Nigerian Islamic protest

STREET protests broke out in the northern Nigerian city of Sokoto on Sunday after the selection of a new spiritual leader for millions of Moslems, Renter protests from the city. Mr Dasuki's sppoint-tional title for Nigerian Mos-lems, who say they account for about healt the counter of 100m

The zone supplies as much as 40 per cent of feedstocks for Taiwan's plastics industry, on which much of the country's downstream industry depends. Under yesterday's settlement with the Hongmao residents, Taipower agreed to pay each of an estimated 4,000 families of the harhour area T\$5,000 a month over 10 years, or a

T\$600,000 lump settlement, to rent or huy other homes. Residents had threatened to cnt eupplies of coal to local power plants, which could

have caused serious power cuts in the heavily industrialised south, if their demands for pol-Intion control and compensation were not met. As the Government was

resolving one dispute with residents of Hongmao, though, another confrontation was building between villagers who live near Kaohsiung Interna-tional Airport and the authorities. This group of protestors has threatened to hlockade the busy airport if sound-barriers and other pollution-control and other pollution-control devices are not installed. They are also asking for **T\$500,000** in compensation for each of the 1,900 families in the area.

The notebook of a journalist in Colombo quickly fills with those expressions of fear and foreboding which show that what once seemed inconceivable has now become possible. An island paradise, already torn by an ethnic struggle in the north, now faces the pros-pect of its political institutions falling apart under the pres-sures of an armed revolutionary movement that has its

strength in the south. "If the presidential elections can be held next month (they are due on December 19) and the result is seen to be reason-ahly free and fair, then we could have a government with the legitimacy to tackle the prohlems," says one of the more optimistic of Colombo's senior diplomats. "But demo-cratic institutions are severly strained. They may not come through the crisis. They could

colla An experienced Asian diplo-mat says: "I foresee a period of

mar says: "I foresee a period of anarchy in this country." Mr Ronnie de Mel, the for-mer Finance Minister now in the opposition, declares: "The Government's writ does not run beyond Colombo – and the army camps and police sta-tions outside."

An academic says: "The dis-

Iran offers

talks on

Revolutionaries push Sri Lanka to the brink

David Housego reports from Colombo on fears of anarchy as elections draw near

RI LANKA is hovering on tinguishing feature of the pres-ent situation is the breakdown S a knife-edge between the faltering democracy that it now is and a downward slide of the state and government paratus. Fly into Colombo and you

can at first be deceived by an appearance of normality. Mili-tary patrols are discreet. Traf-fic jams and crowded pave-ments point to a city at work. The curfew does not hegin

until 11 pm. But behind this, the Government's authority - and hence the resilience of the country'a the resultence of the country a political institutions – is daily being put to the test by the extremist People's Liberation Front (JVP). The main battle-ground ahead is the presiden-tial election for which candi-dates must file nominations on Thursday

Thursday. If the JVP can frighten par-ties from campaigning or force a boycott of the poll, then they will rob the victor of any claim to a popular mandate. Recent slogans calling for a JVP gov-ernment suggest that their next objective is to take over the administration itself. It is with this possibility that Sri Lankans are slowly having to come to terms.

From being a marginal movement 18 months ago,the JVP have built up a strength and organisation to stretch the armed forces to their limit. They use selective killings to intimidate opponents, officials and the police. They have been encouraged in such tactics by

By Francis Ghilès

PRESIDENT Zine El Abidine

Ben All of Tunisla yesterday said presidential and parlia-mentary elections would he

mentary elections would be held on April 8 next year. He was speaking to the Tunisian National Assembly on the first anniversary of the day he deposed Mr Habib Bourguiba, his authoritarian predecessor.

Earlier yesterday the leaders of the country's trades unions, six recognised political parties

the Government's own use of assassination squads in the growing hrutalisation of Sri Lanka political life in recent years.

On the basis of fear, they have forced shoukeepers to close down and government workers, bank clerks and busmen to come out on strike. Their orders are made known through leaflets and posters clandestinely distributed at night. It is this "unseen hand" that causes many Sri Lankans to draw frightening parallels with Pol Pot'a regime in mpire. Among disaffected youth

Kampuchea Among unsativity your who are their main recruiting ground, they have become the focus of frustrations and hitter-ness over high unemployment, L in stealing some 400 weapons - including antomatic rifles - from an antomatic rities - from an army camp evidently with the help of some of the guards. They have also set out to humiliate government officials. corruption and overcrowded education facilities. The uni-versities have been closed versities have been closed since last November and schools for several weeks. President Junius Jayawar-dene has also provided them with amnunition by not hold-ing general elections for 11 years and thus fostering the belief that his Government would use all means to cling to The civil servant in charge of Kalutara district south of Colombo was recently forced to parade outside his office carry-ing a poster declaring the Govthe himself should resign. The hard-core JVP was thought to number no more than 1,000 organised in a clas-

would use all means to cling to power notwithstanding its growing unpopularity. The JVP have thus been able to project themselves as the sic Marxist structure of a cen-tral committee and politburo. guardians of democracy deter-mined to use their leverage to Their leader remains Mr Rohana Wijeweera, who led an earlier attempt to take over the gain fresh parliamentary elec-Government through armed revolution in 1971. But the movement now is less socialist

and a representative of the

Islamic Tendency Movement

signed a national pact which enshrines the principle of mul-

tiparty democracy. The announcement of the elections confirms the trend towards

democracy which has charac-

than anti-Indian, pro-Sinhala nationalist and anti-establish-They have gained enor-

tio fragmented and bitterly divided to provide a united from to the terrorist threat, Mr R. Premadasa, the Prime Minis-ter, has been pursuing his own amhitions to sncceed to Mr Jayawardene and negotiating with the JVP. So has Mrs Siri-mavo Bandaranaiks, the leader of the Sri Lankan Freedom Party, and the other main pres-idential candidate, who until this weekend was negotiating an electoral alliance with the JVP. mously in strength from the unpopularity of the indo-Sri Lanka Peace Accord last year which has left 60,000 Indian troops in the north and thus stirred historic anti-Indian paranola. Their appeals to Sin-halese chauvinism have fed on the national humiliation provoked by the Tamil separatist movement which in turn has revived dreams of a Sinhalese

JVP. Many civil servants and much of the middle class have implicitly helped the JVP cause by refusing to condemn the movement. They have hoped that a conciliatory stance would keep the JVP - and hence much of youth which the existing molifical - within the existing political framework. They have also sympathised with many of its attacks on the Jayawardene administration and its anti-In-

dian stance. With the JVP now being With the JVP now being increasingly seen to pose a threat to the country's demo-cratic institutions, political parties and middle-of-the-road opinion are beginning to have second thoughts. Colombo is alive with talk of the dissolu-tion of Parliament, caretaker governments and national coalitions in an attempt to coalitions in an attempt to stave off the crisis. But it is by no means sure that the coun-try will step back from the

tions. Sri Lanka's main political parties have up to now been

polls would be fair. As at every election since Tunisia gained independence in 1957, the rul-

ing Socialist Destour Par-ty - now renamed the Rassem-hlement Constitutionel

Democratique - won all 125

Israeli president seeks broad coalition

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By Andrew Whitley in Jerusalem

PRESIDENT Chaim Herror of Israel yesterday urged the for-mation of a broadly based gov-ernment charged specifically with reforming the country's electoral system and holding fresh elections within a short

mesh electrons while a shart period. Mr Herzog'e ples – at his first meeting with represents-tives of the two largest parties, Lahour and Liknd – was aimed at breaking the deadlock following the failure of last Tuesday's general election to produce a clear-cut coalition of either the right or the left.

produce a clear-cut coalition of either the right or the left. First reactions from Labour, which faced an uphill struggle in putting together its own coalition, were favourable. Mr Uzi Bar-Am, the party's sec-retary-general, said that while he rejected another national unity covernment of the sort ine rejected another include unity government of the sort which has run issael for the past four years. he would accept a transition government with a fixed lifespan of six to 12 months.

Likud greeted the surprise proposal with silence. Although Mr Yitzhak Shamir, Although Mr Yitzhak Shamir, the Prime Minister, has over the past few days faced increasing difficulties in get-ting the ultra-Orthodox parties, whose support he needs, to work together, Likud politi-cians still say they are confi-dent of the upper hand over Lahour in trying to put insether a sovernment.

Two developments over the past 24 hours have, however, taken the wind out of Likud's expected to run unopposed next year, not least because the opposition parties wish to encourage the President to relinquish his post as head of the ruling party and allow the office of President to stand sails. The eruption of long standing rivalties between the two largest ultra-Orthodox par-ties - Agudat Israel and the Sephardi Torah Guardians (Shas) - weakened the right-wing party's assurances to President Herzog that it could above party politics. Everything Mr Ben All has done in his first year as Presi-dent suggests he would like to distance himself from the rul-ing party. maintain the support of a solid bloc of religious and so-called "nationalist" parties in the

In a second blow yesterday, two of Mr Shamir's small, erstwhile allies on the right - the National Religious Party (NRP) and Tzomet - both endorsed the President's proposed broad

coalition. Gen Rafael Eitan, Tzomet's leader, publicly linked his sup-port for the idea to a need to curb what he described as the exaggerated demands of the milicious parties.

exaggerated demands of the religious parties. Although the NRP and Tzo-met between them hold only seven Knesset seats, if they were to withhold their support for a Likud-led coalition Mr Shamir would be unable to command a parliamentary majority. Electoral reform, designed to limit the extreme form of proin the extreme form of pro-portional representation in use in Israel, has long been on the political agenda. Hpowever, the consistent opposition of the small reli-gious parties, who stand to lose most, together with the Lik-ud's reluctance to offend likely kins says he has been deprived. coalition partners has always of "natural justice" and is prevented proposals reaching the statute book. demanding reinstatement. The sacking followed an irreconcilable difference of opinion with Mr Hand over the Aboriginal Development Com-mission's recent funding of an Aboriginal difference of an

worry stock brokers than all other South-east Asian markets combined. A spokesman for the Taiwan A spokesman for the Taiwan Stock Exchange said that indi-vidual brokerage houses would be responsible for reimbursing investors who mistakenly bought the fakes.

were still in circulation, Reuter reports from Taipel. "We don't have an official bought the fakes. The forgeries came to light last Thursday, when brokers discovered four false 1,000-share certificates of Ruentex Industries. Other hrokerage houses then found forged cer-tificates for Ruentex, Universal figure on how many have been found hecause we are still looking for more," one exchange official said. So far brokers have found Cement, Tung Ho Textile, and the Medium Business Bank of Kaohsiung, Taiwan's Burean of Investigation said yesterday it was searching for the man over 500 bogus certificates for four listed companies with a total face value of about T\$27m (\$600,000), While it has only 151 listed companies, daily turn-over on the Taiwan market

UK links

IRAN HAS announced it will hold further talks with Britain

hold further talks with Britain today to discuss the proposed restoration of full diplomatic relations, although the British Foreign Office said yesterday that it was not aware of any arrangements for new negotia-tions, writes Victor Mallet. Tehran Radio said an Ira-nian delegation, led hy Mr Mahmoud Vaezi, Foreign Min-istry director-general for Euro-pean affairs, was on its way to Vlema for the meeting. Mr Mohammad Akhundzadeh Basti, the Iranian Charge d'Af-faires in London, has had frefaires in London, has had fre-quent meetings with British officials in the past few days.

Khomeini expression Iran's leader Ayatollah Ruhol-lah Khomeini said that free social expression is the best way to settle disputes in soci-ety, AP reports from Cyprus. It appeared to be another loosen-

in Geneva on Thursday for what diplomats describe as one of the most critical sessions since the talks began in Lon-

don last May. The main purpose of the talks is to close the gap between South Africa, and withdrawal of 50,000 Cuban

By Michael Holman, Africa Editor

NAMIBIAN independence Angola. Pretoria has made implementation of a UN plan for Namihia's independence conditional on a Cuban with-drawal. The US, chairing the talks, last month put forward

ALC: NO.

The remaining Cuban force would move north of a line 150

during the second year. Troop withdrawal terms tabled by South Africa and

border, with effect from March

Cubans would take place dur-ing the first year of Namibia's independence, and the balance

Mr Hand told parliament

Diouf's major political rival, Mr Abdoulaye Wade, had been sentenced to jail terms follow-ing the election disturbances, and then pardoned. While the talks were intended to bring about political reconciliation

and agreement on national pro-grammes, they ended with opposition delegates storming out of the round table confer-

ence. Mr Diouf faces two major

tion of their abandonment --

Angola in Brazzaville at the end of September left a gap between the two sides. South Africa, which origi-

posals, which envisage the pul-lout of 4,000 Cubans before Namibia hegins a 7-month transition to independence, tentatively scheduled to begin on January 1 1989.

miles north of the Namibian

Namibia talks will focus on Cuba's Angola pull-out

terised Tunisian politics The opposition boycotted the last general elections held two The presidential elections will be the first since 1974 when the former head of state stood unopposed and was elected for life. Mr Ben Ali is years ago, arguing that they had no guarantees that the

seats.

Tunisian leader promises April elections

A HIGH COURT in Pakistan pulsory but the court pointed has asked the President to con-sider relaxing the condition that identity cards must be shown in order to vote in the forthcoming elections. His decision will determine the voting rights of millions of people and may be crucial in the close contest expected.

By Christina Lamb in Islamabad

often exceeds T\$28hn, more

The request from Lahore High court came during consid-eration of a petition, filed by the opposition Pakistan Peo-ples Party, which says that the conditioo that registered voters must have ideotity cards to vote, contravenes the Constitu-tion and would disenfranchise millions of voters.

Defending the condition, the Attorney-General announced that the President had issued an ordinance making the production of identity cards com-

Renters reports from Lagos. Crowds chanting "Banu So"

meaning "We don't want" in the Hausa language, greeted the news that Mr Ibrahim Dasuki, 64, a millionaire, had

hecome the 18th Sultan of Sokoto, the government-owned New Nigerian and other lead-

Diouf: painful reforms

out that this condition only applied to those who had already been issued cards. National identity cards were made compulsory by the last PPP government in 1973 but Miss Benazir Bhutto, the PPP leader, claims that up to 30 per cent of people in towns and 60

under whose name the stocks were cashed in.

vote. Miss Bhutto alleges that thousands of bogus cards have been issued to rig the elections.

lems, who say they account for about half the country's 100m

people, ended several days of confusion about the suitanate.

madu Maccido had succeeded his late father. Sir Siddiq Abu-

bakar died last Tuesday

The eppointment reversed an unofficial announcement last Thursday that Mr Moham-

per cent in rural areas do not possess them. The figure is particularly high among women where the PPP is expecting a major share of the

Nearly 5,000 cards were stolen from a registration office in Karachi on Saturday while a government servant in Lahore was found to have 6,000 blank

ing of control over a society that has been virtually closed since the Islamic revolution in 1979.

Indian general killed Sikh gunmen shot and killed an Indian army general in Punjab yesterday as five days of Sikh separatist violence left at least 78 people dead in the north Indian state, police said, Reuter reports from Chandi-garh. Maj Gen B.N. Kumar, a Hindu, was shot by two Sikh Hindu, was shot by two Sikh gunmen as he left his home in Chandigarh to go to his office.

Coup ship returns

Two Indian frigates yesterday escorted the badly damaged ship, Progress Light, across the Indian Ocean to the Mal-dive Islands, Renter reports from Male. On board the frig-ates were 46 rebels and merce-naries who had seized the rejebter, snatching hostages

hartes who had seized the freighter, snatching hostages as they fled Male after failing in attempt to topple President Maumoon Abdul Gayoom.

Kampuchea talks

Warring Kampuchean leaders began talks yesterday on end-ing a decade of conflict in their country but without the presence of the Khmer Rouge, the main opposition force, Reuter reports from Fere-en-Tardenois, France.

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Angola and Cuba, over the troops from Angola. timetable for the withdrawal of South Africa has said it will 50,000 Cuhan troops from respond "flexibly" to the pro-

Lange passes on sacked

minister's portfolio

MR DAVID LANGE, the New Zealand Prime Minister, yester-day handed over the portfolio

of a minister sacked in a row

over the sale of state assets and said the programme of sell-ing the assets would continue, Reuter reports from Welling-

Mr Lange told a news confer-

ence that a Cabinet meeting yesterday was calm with no criticism of his actions and that Mr Stan Rodger, the Labour Minister, had taken

over the portfolio of Mr Rich-ard Prebhle, the sacked State-

Mr Lange earlier said in a radio interview that his actions

did not affect the Govern-

ment's commitment to a pro-gramme of selling NZ\$2hn

(£700m) worth of state assets

owned Enterprises Minister.

ton.

31 next year, and to 250 miles from the border from June 30. nally insisted on a 7-month programme, offered a 2 year timetable. Repatriation of 36,000

Opposition seeks inquiry into Aboriginal agency By Chris Sherwell in Sydney

CONTROVERSY has deepened over alleged corruption in the Australian Government's sensitive Aboriginal Affairs portfolio, leading the opposition to intensify calls for an inquiry and provoking a public demon-stration by Aborigines in Can-Aboriginal social club in Can-herra, and in particular lts expenditure on gambling

berra. The Labor Party Government yesterday agreed that the already-announced comprehen-"poker machines". The demonstrators, who included a number of Aborigi-nal members of Mr Hand's department and Mr Neville Bonner, an Aboriginal former senator and Mr Berline is a sive andit of the Aboriginal Development Commission (ADC) would extend to the Aboriginal Affairs Department itself as appropriate". But it rejected opposition Liberal Party calls for a Royal

senator, say Mr Perkins is a scanegoat. Commission or indicial inquiry, and there was no sign that Mr Gerry Hand, the Minisyesterday that, apart from the expanded audit by the Auditor General, the Public Service

that Mr Gerry Hand, the Minis-ter for Ahoriginal Affairs, would resign. A group of around 100 pro-testers yesterday demonstrated in support of Mr Charles Per-kins, the former permanent secretary of the department, who was suddanly sacked by Mr Hand last Friday. Mr Per-Commissioner would investi-gate questions of personnel management in the depart-ment and that further neces-sary inquiries would be con-ducted by a former deputy secretary in the Attorney Gen-eral's Department eral's Department.

Koor offers fresh plan to creditors

By Andrew Whitley

KOOR INDUSTRIES, the huge Israeli conglomerate struggling to avoid being forced into liqui-dation, is to present a revamped recovery programme to the Israeli Government and to foreign and domestic creditors over the next few days.

Approval of the recovery Approval of the recovery programme – few details of which have yet been made public – is essential if Koor's management is to gain general eupport for the group's eur-vival in its present form. After a 30-day postponement, the group's lawyers return to

the group's lawyers return to the Tel Aviv District Court next week to answer a suit brought by Bankers Trust of New York.

Overshadowed by the drama surrounding last Tuesday's general election in Israel, the cash-flow crisis at Koor, which has an annal turnover has an annual turnover approaching \$3hn, has - if anything - worsened in recent days. Emergency assistance of \$20m promised by the Govern-ment and a consortium of local banks has still to be delivered, holding up remains the work holding up payments to suppli-

ers. The labour federation-owned group's latest recovery plan its second in sixth months was approved by its board of

directors on Sunday, and copies are now on their way to all foreign creditors, led by Bankers Trust and Manufacchallenges: the persual of adjustment goals. - he has recently said there is no ques-Bankers Trust and Manufac-turers Hanover. Among UK banks, Barciays is understood to have the largest debt out-standing, in the region of \$20m. The central element in the programme is believed to be the dismissal of about 15 per cent of the group's 27,000-strong workforce. Several lossstrong workforce. Several loss-making subsidiaries are also threatened with closure or

(£700m) worth of state assets by March 31 in order to repay foreign debt. "That is something which we're going to have to continue with," he said. "We have to do it efficiently, we're going to have to get the money in." Mr Prebhle lost his portfolio, under which he ran NZ\$20bn Economic strains test Senegalese democracy Nicholas Woodsworth reports on President Abdou Diouf, who starts a three-day visit to Britain today

P RESIDENT Abdou Diour have caused cracks in the monolithic rule of his Parti Socialiste (PS). Growing inse-curity over the economic future, particularly among the youth of Senegal, led to a presi-dential election campaign last spring marked by widespread violence President Diout's reof Senegal, who arrives in Britain today on a three-day state visit, is a rare example of an African leader who presides over a multi-party democracy. He is also presiding over the imple-mentation of a far-reaching violence. President Diouf's re-election was finally accepted economic reform programme which is proving painful. It is a combination which

makes for a demanding period the result in President Diouf's career, hut Order has since returned, but the sense of long-term staone which assures him of a warm welcome from Mrs Margaret Thatcher, the British hility associated with more Prime Minister.

than a quarter-century of PS rule has been eroded. While President Diouf's leadership As head of the party that has dominated politics and national life in Senegal since remains firm, and his direction independence from France in 1960, President Diouf's name clear, he is no longer seen as the sole viable alternative on the Senegalese political horihas become synonymous with the rule of the state. ZOD

Senegal today is distin-guished by lively political debate, an elected legislature, In recent years, however, growing economic pressures and the President's determined policies on structural reform and no less than 16 registered

political partles. Mr Diouf, however, made his Mr Diouf, however, made his name not in the rongh-and-tumble of party political battles, but as a qui-etly efficient technocrat and financial administrator. Trained as a lawyer, he rose rapidly through the statist-ori-ented PS. Under the veteran poet-statesman Leopold Seu-chor, a leader who had little only after the calling of a state of emergency and the jailing of electoral opponents contesting ghor, a leader who had little interest in economics, he served as Minister of Planning before becoming Prime Minis-

ter in 1968. Even before President Sen-ghor handed over power to Mr Diouf in 1981, the latter had imposed an susterity regime on an economy in serious decline. While maintaining a strong economic relationship with France, Mr Diouf as Prime Minister established ties with the European Community, International Monetary Fund and World Bank. Follow-ing his succession to the presi-

dency he launched Senegal on a structural adjustment programme, one of the most ambi-tious on the continent. With World Bank and IMF eupport, Mr Diouf has gone

Rodger: takes portfolio

worth of government busi-nesses, on Friday. Mr Lange said he had differences with Mr Prebhle over the method of selling the assets. Mr Prebble was later sacked from the Cabi-net after he accused Mr Lange of being dictatorial and irratio-nal.

guaranteed producer prices, and the elimination of con-

In the industrial sector, Mr

responsible for a large portion of the nation's budget deficit.

Some have already come up for private sale, while others are being rationalised on World

these leaders, including Mr

being rationalised on World Bank demand. While GDP has risen by 4 per cent annually for the last three years, inflation pushed down to 5 per cent, and govern-ment expenditure reined in, the price has been high and the utimate benefits of adjust-ment are still far off. President Diouf is faced with a popula-tion dissatisfied with lay-offs and high unemployment rates, a reduction in spending power, and a cut in the producer price

and a cut in the producer price of groundnuts - the source of income of most Senegalese

and the fanding off of evermore insistent political attacks. Last spring the President showed himself willing to take extraordinary measures to keep his party firmly in control. Whether he can now meet these two challenges and still honour the country'e constitu-tional guarantees will be the greatest test yet of Senegalese democracy.

The political instability of last spring is no passing phase. The degree of underlying dis-content with the adjustment process was illustrated in August when the President convened talks with opposition leaders. The most influential of

some way in turning around an economy precariously based on groundants, phosphates, fishing and tourism. In the vital area of agricultural production and export, he has initiated the phasing out of the deficit-financed state marketing board, the removal of

sumer subsidies.

export subsidies. President Diouf is also deter-mined to pare down Senegal's 125 parastatal companies,

Diout is pledged to trade liber-alisation, including import tar-iff reductions, a freer invest-ment code, and an increase in

UK NEWS

Business leaders split over CBI told European currency 'inevitable' clamps on foreign bidders By Richard Donkin trading currency, Lord Plumh said the By Hazel Dutty

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MR JOHN BANHAM, director general of the Confederation of British Industry, the UK employers' body, failed yestar-day to secure a firm lead from his annual conference to press the City of London into mak-ing hostile foreign bids for British companies more diffi-cult. cult.

But he will still propose today in his closing speech to the delegates at Torquay that changes should be made to the rules governing the purchase of shares. This would aim at slowing down the procedure under which a bidder gained

under which a bidder gained control of a company. Talks will be sought with Mr Robin Leigh-Pemberton, Gover-nor of the Bank of England, and City regulatory bodies. Delegates were divided equally on a resolution which sought to level the accusation of short-termism at the City at the expense of the need of industry to invest for the long term.

This was despite a forceful speech hy Sir Hector Laing, chairman of United Biscuits, when he spelled out the threat that he perceived British com-panies faced from foreign predators.

Delegates did not respond in the vein hoped for by Sir Hec-tor when he gave a warning that Britain could be reduced



Sir Hector Laing: threat from foreign predators

to little more than colonial sta-tus if the spate of foreign take-overs continued. overs continued. City representatives were joined by some delegates from manufacturing and service companies which criticised the resolution and by implication the CBI leadership's attempt to use it as the platform for a campaign for industry to assert its new-found strength to redress the balance with the City.

The CBI leadership also

received a setback on interest rates, which it believes are working to cut consumer credit demand. Several delegates complained about the effect

that high interest rates were having on their businesses and investment plans.

Mr Banham said he would take their views into account when the CBI formulated its submission to the Chancellor of the Exchequer on the budget next suring

next spring. Sir Hector said after yester-day's debate that he was "disappointed that no-one had thought through the conse-quences of our losing so many of our great companies." Mr Banham said the debate had demonstrated that "this is a very complicated issue."

very complicated issue." Elichard Donkin writes: Old-style trade unionism had become irrelevant to today's needs, Mr Geoffrey Armstrong, chairman of the CBI employ-ment policy committee, said in a debate that led the confer-ence to register its opposition to proposals for social legisla-tion in the EC.

to projocally for social legisla-tion in the EC. The trade unions, he said, needed to drop their class war rhetoric and develop services hased on training, legal protec-tion, health and safety and per-sonal financial matters

He said the European Com-mission appeared hell-bent on creating a framework of statutory obligations on employers to impose rules on information, consultation and participation in board-level decision-making. LORD PLUMB, Conservative president of the European Parliament, speaking at the CBI conference yesterday, said a common EC currency was inevitable. He added that movement towards the single market of 1992 was helping to reinforce the EC as a political entity. In a speech flying in the face of Mrs Thatcher's resistance to any threat to UK sovereignty. Lord Plumb declared

UK sovereignty, Lord Plumh declared that "loss of sovereignty" should not blind industrialists to the real issues. Sovereignty was not an absolute, he

All countries, particularly in Europe, had lost a degree of their sovereignty in order to increase their collective power. Lord Plumh, introducing a debate on moves towards a single European mar-ket, said the Single European Act laid

down the objective of European union. "The simple fact is that the trade flows, the movement of investment and capital, the progress towards 1992, are all reinforcing the European Commu-nity as a political eotity," be said. Emphasising the increasing impor-tance of the Ecu, now the fourth biggest

time was ripe for Britain to join the erchange-rate mechanism of the European Monetary System.

As exchange rates became more sta-ble, he said, the role of a common currency would become more obvious. "Soon a common currency will become concrete and inevitable," be

Governments and industry in Britain would get nowhere if they pretended to ignore development at a European level.

The conference endorsed resolutions to encourage a "one-stop" competition authority to control taleovers on com-pletion of the single market, and called on the EC to use additional negotiating leverage to obtain reciprocal benefits from other trading communities.

The conference accepted the argument of Mr Martin Taylor, of Haason, who said an EC wide merger authority was an eventual goal.

But he said it was secondary to the establishment of European competition policy.

Spy centre protest

attracts '250,000'

By Philip Bassett, Labour Editor

of union members at its GCHQ spy centre at Cheltenham. The Government said the

number of civil servants taking part in the one-day strike was

Minister clashes with power chief over privatisation

By Max Wilkinson, Resources Editor

VIGOROUS argument independent generating compa-A VIGOROUS argument between the UK Government and the Central Electricity Generating Board about the terms on which Britain's power stations will move into the private sector emerged in public yesterday Mr Cecil Parkinson, the Energy Secretary, told a packed conference in London on electricity privatisation that

on electricity privatisation that he had thought of limiting the length of contracts for the output from the CEGB's power stations after privatisation. This was desirable, he said, plant the viability of the two new national privatised compato promote competition from

nies after privatisation. He told the conference, organised by The Economist, that he wanted to create a vigorous industry. However, Mr John Baker, the CEGB's managing director, who followed Mr Parkinson to the platform, warned that short-term contracts would undermine the viability of new concretions companies and generating companies and make them difficult to sell. Mr Baker said that if contracts were significantly shorter than the life of existing

nies would be hard to assess and this would present difficul-ties at the time of flotation. In a speech of great opti-mism, Mr Parkinson claimed that vigorous competition would eventually lower also. would eventually lower elec-tricity prices, even though he admitted under questioning that it had been necessary to push prices up initially. "We have already heard of some 15 major generation pro-jects, which are being pre-

90,000 · but it was clear that a operations, especially social security offices, were badly affected. by private companies, repre-The TUC estimoted that more than a quarter of a mil-lion people took part in some senting shout 8 per cent of this country's total electricity needs," be said. 60 marches and rallies across

the country, with large turn onts in Liverpool, Sheffield, TRADE union lesders claimed last night that more than 250,000 employees had taken Glasgow, Newcastle and Lonpart in protest rallics against the UK Government's sacking don.

At a London rally, Mr Neil Kinnock, the opposition Labour Party leader, mounted a spirited attack on the Gov-ernment, charging the Prime Minister with double standards towards union members in Poland and in Britain,

Ministers mosity maintained silence, though Mr Norman Fowler, Employment Secretary, said the sympathy strikes were "unjustified", and defended the Government's union decision on GCHQ.

Benefits for elderly unveiled in effort to defuse Lawson row

City.

By Philip Stephens, Political Editor

THE GOVERNMENT yesterday sought to defuse a major political row over state pensions and other benefits for the elderly by announcing that it was planning a new package of measures to help the poorest nensioners.

Mr Nigel Lawson, Chancellor of the Exchequer, unveiled the plans in a House of Commons statement amid intense official embarrassment over weekend press reports that he was intent on scaling back univer-sal benefits for the retired.

The Government was hoping last night that the news would help it to defeat a planned rebellion in the House of Lords today over the imposition of charges for eye tests.

Yesterday, however, the reb-els tabled a second amendment

series of assurances from M Lawson, said that the Government's plans for pensioners would involve greater use of means tests and a widening of the poverty trap. Later Mr Gordon Brown, the

Later Mr Gordon Brown, the shadow Chief Secretary to the Treasury, wrote to the Chan-cellor claiming that he had failed to give the assurances and asking him reply to the "unanswered questions". Mr Lawson, whose state-ments followed a day of dam-age limitation in Whitehall after what seen as a public

after what seen as a public relations disaster at the week-end, gave no details of the new measures for the poorest pen-

dther ministers, however, said they focused on boosting the aid to pensioners available through its Income Support

Journalists present at the weekend briefing meanwhile insisted that they had not mis-interpreted the Chancellor's

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Power a

woodd for chables is a pathaments the charges in the event that the Government wins the vote on the principle of their intro-a Maran doma of 🕫 and and then the

duction. Mr Lawson, who received noisy backing from Conserva-tive MPs, dismissed the press reports as a misinterpretation of his remarks at a private briefing for political correspondents.

Responding to an emergency. question put by Mr Neil Kin-nock, the Labour leader, he reaffirmed the Government's commitment to maintaining commitment to maintaining the value of the state pension. He added that he had no plans to change the annual £10 Christmas bonus for the retired or remove their exemp-tion from prescription charges. Mr Kinnock, who asked for a

remarks and joined opposition MPs in suggesting that they had been withdrawn because of the political storm. The Treasury declined to release a transcript of the briefing. In his letter to Mr Lawson last night, Mr Brown called for him pledge that health service prescriptions for the elderly would remain free and that would remain free and that there would be no new health charges. He also called for a

commitment that attendance and mobility allowances would not be means tested and that their real value would be main-tained.

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Aggregates and other machines as per technical projects; Machine-tools accessories; Tools and hand-tools. A wide sampe of machines and accessories for the manile industry, the leather industry, as well as for other fields of the light industry (from separate equipment to complete projects delivered on a turn-key basis). Technical assistance, reliability studies, know-how etc. Various bousehold appliances such as cooking machines and heating stoves with gas and liquid foel, kitchenware of all types, metalic and plastic toys, dolls etc. All these, as well as many other products which can be menufactured according to your updimension of forced to your to by us under highly of



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UK NEWS

MUNICH IS NOW A CANADIAN CITY.

Munich is now a Canadian city. It has joined Amsterdam, Frankfurt, Milan and Rome as one of a growing number of European gateways served by Canada's most successful new airline - Canadian Airlines International.

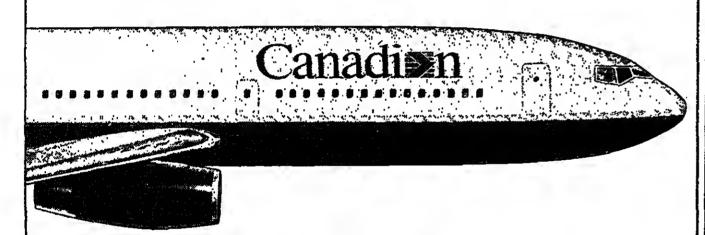
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We offer more flights from continental Europe to Canada than any other airline. With our partners, we serve more cities

in Canada than any other airline (162 to be precise) - and we're the only carrier to connect Canada with five continents.

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discover why we're proud to say "We are Canadian".



Canadiau Airlines International

Lean Shearson bounces back

administrative systems.

homework.

weakening."

executive, another will saunter

search of a snack.

Clive Wolman, looks at the banking arm of American Express

S HEARSON Lehman Hut-ton, the huge investment banking arm of American D banking arm of American Express, has the distinction of being the firm which started the City of London's post-Big Bang shake-out and retrench-

After 17 months of mounting losses and intensifying rifts with the former partners of the L. Messel stockbroking firm it acquired. Shearson became the first securities firm to announce mass redundancies, of 150 people, five weeks before the October 1987 stock market crash. The announcement in fact led to a shrinkage of staff from 1,500 to 1,100 and the departure of well over half the 450 former employees of Mes-sel, in what was the most ruthless purge of any large stock-broker acquired in the pre-Big Bang rush.

But no apologies should be expected from Shearson, whose management style is often claimed to represent the US paradigm, with its heavy emphasis on performance and profit measures. And a year after many of its

competitors were writing off its London operations as dead or dying, Shearson has staged the strongest bounce-back of any of the securities firms in the post-Big Bang world. Mr Jacques Gelardin says that Shearson's London and

European operation, which he heads, moved into profit in the early weeks of this year as a result of the harsh cost cut-

ting. The spectre of Shearson's being dragged under water by its acquisitions has been raised many times before, in particular last December when it acquired B.F. Hutton for about \$1bn, and in 1984 when it acquired Lehman Brothers, one of the leading Wall Street investment banks which had been riven by internal dissent. But the unmatched growth of Shearson into one of the largest two US securities firms, vying with Merrill Lynch, over the last 20 years has been founded on its consistent

firm, Lipper Analytical: "The sales force has always been one of the most highly moti-vated and that is a result of the record in turning around more than 50 securities and investment management firms which it acquired when they were in trouble or decline. Shearson's achievement has quality of the leadership team

at the top." But Mr Long is critical of the company's acquisition of Mes-sel to spearhead its thrust into been to integrate their admin-istrative systems, to identify their most valuable departments and people, to absorb them into its own operations Europe: "Their global ambi-tions could come back to haunt them, they did not know what

- and to fire the rest. Its first acquisitions were of firms which had failed to cope with the Wall Street settlethey were buying in the first place." President and chief operat-ing officer Mr Jeffery Lane does not dissent: "Messel was a ments crisis of 1968-69, but the most rapid growth came through picking up the vicinus of the ending of minimum com-missions in 1975.

London securities houses have faced unprecedented challenges LORION Securities houses have faced imprecedented challenges over the past few years. The Big Bang reforms in October 1986 saw most Stock Exchange firms acquiring new owners and receiving infusious of capital. They hull up their financial and human resources for the newly competitive world – an impor-tant feature of which was the rapid internationalisation of compiling doubles of the newly competitive world – an imporcant resture of which was the rapid internationalisation of securities dealing. A year later cause the stock market crash, followed by a drastic fall in stock market volumes and commis-sion revenues. Some houses have emerged relatively unscathed, others have torn up their original plans. In a series of profiles of securities houses beginning today, FT writers examine how the different strategies adopted have met the tests.

ularly ill-suited partner. Its orientation was entirely investment analysts consider Shearson's current capital resources of more than \$2bn to domestic whereas Shearson's strategy was to develop a Euro-pean network of offices and to be excessive but at least they have allowed the firm to invest concentrate on cross-border activities. heavily in computer and The Hutton takeover, com

With the dollar at an all-time peak, the commitment made by Shearson in 1985 to buy Messel pleted last January, was a clas-sic example of Shearson's for about £20m seemed modest. But before Shearson was meticulous preparation and allowed to increase its stake from 10 to 100 per cent in April 1986, Messel's partners Within a week, Shearson had identified which 6,000 of the 19,000 sales force they needed to fire. The management had also worked out how long it would take to transfer Hutton's embarked on an excessively

amhitious programme of recruitment and expansion. Shearson's management lacked investor account details to the Shearson computers and how long they would need to employ double staff.

Shearson's management lacked the experience and the involve-ment to challenge them. The writing was on the wall in the first week after the Big Bang reforms in October 1986 when the overgrown Mes-sel/Shearson equity trading desk remained virtually dor-ment. The firm'a expansion did little to persuade institutional According to one analyst: "They had been circling like voltures around Hutton for a long time and they knew exactly when their victim was The key to these successes has been the informal cohesion and the intense level of com-munication between the top management team, who devel-

mant. The firm a expansion and little to persuade institutional investors of its research and execution capabilities and it was one of the first to be cut from the dealing lists of many institutions oped together over the last 20 years under the leadership of Mr Sandy Weill, one of the institutions. New York management soon

realised that they had allowed their London subsidiary to grow out of control into a danfounders of the firm. Even during a difficult inter-view in the office of one top gerous cash trap. The two months of mounting and demoralising speculation in the summer of 1987 which prein fingering his braces with a preoccupied look, interject a ceded the cutbacks was further evidence that Shearson had few questions and comments and wander out again, with as much casualness as if he had lost the finesse and boldness for which it is recognised in for which it is recognised in the US. Even now, its comgone into his own kitchen in puter systems lag way behind those in New York and behind those of its DS rival Morgan According to Mr Perrin Long, an analyst of the securi-

Stanley. Shearson's equity division has yet to recover fully from the blows. A Greenwich Assoclates survey in February showed that Shearson was rated among the top 15 securities firms by only 20 per cent of institutional investors, com-pared with 34 per cent a year previously. The proportion of large institutions doing no husiness with Shearson increased from 14 to 28 per

cent.

The firm's record, which conflicts with Europeans' tradi-tional expectations of job secu-Shearson's policy of cutting back the number of stocks it trades and focusing on just a rity, may have harmed its recruiting power, Mr Gelardin concedes, although he says



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expertise in the rapidly grow-ing niche of cross-border and cross-Atlantic transactions and exploiting the financial muscle of its parent. The \$1.7bn. bid last spring by Beazer, a former Messel client, for Koppers, the Pittsburgh-based chemical and building materials group, high-lighted all Shearson's strengths.

The other big success of Sbearson has been in the eso-teric business of stock borrowing in which it has broken into ing in which it has broken into the cosy cartel of Stock Exchange money brokers. Shearson's large US stock bor-rowing business and its link with the Japanese insorer. Nip-pon Life, which has about 1.5 per cent of the world's market able equity in its vanits and a 13 per cent stake in Shearson. 13 per cent stake in Shearson,

13 per cent stake in Shearson, give it a competitive edge in the emerging international stock borrowing husiness. Mr Gelardin, a 41-year-old multilingual investment banker who was a former Leh-man Brothers partner, is anx-ious to knock down Shearson's image as an excessively aggres-sive Wall Street firm which has failed to adout to the European failed to adopt to the European and British culture. Far more decisions about the European operations are taken in London rather than New York, he says, and the proportion of locally recruited staff in senior management positions is much higher than in other US firms in the City of London, such as Morgan Stanley and Goldman Sachs.



NOTICE OF ADJOURNED MEETING

of the boilders of

Bremer Landesbank Finance (Curaçao) N.V.

A\$ 50,000,000 14%% Notes due 1990

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the A\$ 50,000,000 14%% Notes due 1990 (the "Notes") ol Bremor Landesbank Financo (Curação) N.V. (tha "Issuer") issued under a Fiscal Agency Agreement") dated 9th Merch, 1987 mada between the Issuer, Bremer Landesbank Kreditanstati Oldenburg -Girozentrale- as gueramor (the "Guerantor"), Orion Royal Bank Limitod as Fiscal Agent (the "Fiscal Agent") and others, as amended, hereby:

(2) sonctions every modification, abrogation, variation, compromise of, or errangement in respect of, the rights of the Notoholders and the holders of the Coupons appertaining to the Notes against the issuer or the Guarantor involved in, or resulting from, the modification referred to in paragraph (1) of this Resolution or erry substitution of dator made pursuant to, and in accordance with, the Terms and Conditions of the Notes as so modified; and

(3) outhorises the execution of a Supplemental Fiscal Agency Agreement in the form of the draft produced to this Meeting and for the purpose of identification signed by the Chairman hereof to give effect to the modification referred to in paragraph (1) of this Resolution."

The attention of Noteholders is particularly drawn to the quorum required for the adjourned Meeting which is set out below.

QUORUM

The quorum required to consider the Extraordinary Resolution at the adjourned Meeting will be two or more persons present in person holding one or more Notes or voting certificates or being e proxy or proxies whefever the principal amount of the Notes so held or represented by them.

AVAILABILITY OF DOCUMENTS

Copies of the Fiscal Agency Agreement may be inspected, and copies of the Explenatory Statement, voting certificates and other relevant documents may be obtained, by Noteholders from the specified office of any

FISCAL AGENT

Orion Royal Bank Limited. 71 Queen Victoria Street, London EC4V 4DE.

The Royal Bank of Canada A.G., Gutleutstrasse 85, D-6000 Frankfurt/Main 1.

The Royal Bank of Canada (Belgium) S.A., rue do Ligne 1, B-1000 Brussels.

of the Agents given below.



In 1981, Shearson in turn was acquired by American Express but its management has continued to enjoy a free hand, even overriding the reluctance of some Amex exec-utives to finance the Lehman

Anex's hands-off approach has also indicated a failure to exploit the "financial supermarket" synergies that were expected from the takeover. Its stake in Shearson, now 60

per cent, is being steadily cut back. The main advantage of the Amex link-up for Shearson has been access to capital. Many

disaster for us. It was a deal that did not work out, because we forgot about the basic economics. We put a tremendous amount of capital into a market which could not grow enough."

It was the company's first major move overseas and into a market which was changing radically as a result of the Big Bang reforms and which Shearson never attempted to

shearson never articmpted to analyse or understand in its usual thorough style. For Shearson, Messel, a blue-blooded traditional middle of the road stockbroker with no clear focus and a partner-British Petroleum. Corporate finance arm has been notching up other suc-cesses by huilding on the Mesship lacking modern manage-ment experience, was a particsel client base, developing an

few sectors, such as mining in Shearson is currently getting which it has acknowledged large turn-onts at university research etrengths, runs counter to the conventional wisdom in London and Shearpresentation sessions. "There is a type of person who is more attracted to our type of busison's own policy in New York ness, which is more perfor-mance oriented than the old investment banking philosothat a broad, "waterfront" cov-erage of sectors is needed to retain credibility. But its sucphy in Europe. That is the type cess in exploiting its sectoral research strengths has been demonstrated in its corporate of person we want." Mr Gelardin believes that in finance activities, for example in acting as joint adviser to Britoil in its defence against

any case investment banking in Europe is moving towards the US model. To the extent that he is correct, Shearson is likely to emerge as one of the most powerful competitors against the more traditional City of London merchant

banks and securities firms.

NOTICE OF ADJOURNED MEETING of the holders of Bremer Landesbank Finance (Curaçao) N.V. A\$ 40,000,000 15% Notes due 1990

NOTICE IS HEREBY GIVEN that the Meeting of the holders (the "Noteholders") of the above-mentioned Notes (the "Notes") convoned by Bromer Landesbank Finence (Curaçao) N.V. (the "Issuer") for 9.30 am (London time) on 1st November, 1988 by the Notice dated 10th October, 1988 published in the Financial Times and the Luxemburger Wort was adjourned lhrough lack of quorum, and that the edjourned Meeting of the Noteholders convened by the Issue will be hald at 9.30 am (London time) on 1st November, 1988 at the offices of The Royal Bank of Canada, 71 Queen Victorie Street, London EC4V 4DE for the purpose of considering and, if though 15t, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Fiscal Agency Agreement dated 9th Merch, 1987 medo botwoon the Issuer, Bromer Landesbank Kreditanstalt Oldenburg –Girozentrale– (the "Guerantor"), Orion Royel Bank Limited (the "Fiscal Agent") and othars, as amended, relating to the Notes. NOTICE IS HEREBY GIVEN that the Meeting of the holders (the "Noteholders") of the ebove-mentioned Notes (the "Notes") convened by Bremer Landesbank Finance (Curaçao) N.V. (the "(sever") for 11 am (London time) on 1st November, 1988 by the Notice deted 10th October, 1988 published in the Financial Times and the Loxemburger Wort was adjourned through lack of quorum, end that the edjourned Meeting of the Noteholders convened by the Issuer will be held at 10.15 am (London time) on 21st November, 1988 at the offices of The Roya) Bank of Canada, 71 Queen Victoria Street, London EC4V 4DE for the purpose of considering and, if thought fit, passing the following Resolution whilch will be proposed as an Extraordi-nary Resolution in accordance with the provisions of the Fiscal Agency Agreement dated 24th April, 1987 made between the Issuer, Bremer Landesbank Kreditanstalt Oldenburg – Ginzentrale– (the "Guerantor"), Bankers Trust Company (the "Fiscal Agent") and others, as amended, raisting to the Notes.

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the A\$ 40,000,000 15% Notes due 1990 (the "Notes") of Bremer Landesbank Finance (Curaçao) N.V. (the "Issuer") issued under e Fiscal Agency Agreement (the "Fiscal Agency Agreement") deted 24th April, 1987 made between the Issuer, Bremar Landesbank Kreditanstalt Oldenburg –Girozentrale- as guarantor (the "Guarantor"), Bankers Trust Com-pany as Fiscal Agent (the "Fiscal Agent") and others, as emended, hereby: (1) assents to the modification of the Terms and Conditions of the Notes (as printed on the reverse thereof and in Schodule 1 to the Fiscal Agency Agreement proposed in paragraph (b) of the Explanatory Statement issued by the Issuer and the Guarantor and dated 10th October, 1988, a copy of which has been produced to this Moeting and initialled by the Chairmen hereof and by or on behalf of the Issuer for the purpose of identification;

assents to the modification of the Terms and Conditions of the Notes (as printed on the reverse thereof and the First Schedule to the Fiscal Agency Agreement) proposed in paragraph (b) of the Explanatory Statement Issued by the Issuer and the Guarantor and deted 10th September, 1988, a copy of which has been produced to this Meeting and initialled by the Chalman hereof and by or on behalf of the Issuer for the purpose of identification;

sanctions every modification, sbrogation, variation, compromise of, or errangement in respect of, the rights of the Noteholders and the holders of the Coupona appertaining to the Notes egainst the lasuer or the Guarantor involved in, or resulting from, the modification referred to in paragraph (1) of this Resolution or any substitution of debtor made pursuant to, end (n accordance with, the Terms end Conditions of the Notes as so modified; and (2

authorises the execution of a Supplemental Fiscal Agency Agreement in the form of the draft produced to this Meeting end for the purpose of identification signad by the Chairman hereof to give effect to the modification referred to in persgraph (1) of this Resolution." (3)

The attention of Noteholders is particularly drawn to the quorum required for the adjourned Meeting which is set out below.

QUORUM

The quorum required to consider the Extraordinary Resolution at the adjourned Meeting will be two or more persons present in person holding one or more Notes or voting certificates or being a proxy or proxies whatever the principal amount of the Notes so held or represented by them.

AVAILABILITY OF DOCUMENTS

Copies of the Fiscal Agency Agreement may be inspected, and copies of the Explanatory Statement, voting certificates and other relevant documents may be obtained, by Noteholders from the specified office of any of t the Agents given below.

PAYING AGENTS

Swiss Bank Corporation,

Company cuts cost of heart drug for British market

By Peter Marsh

A NEW DRUG for treating naturally occuring protein, is victims of heart attacks is to go on sale in Britain at prices substantially lower than in the NEW DRUG for treating naturally occuring protein, is administered by injection within a few hours of a person having a beart attack. US, reflecting a slowdown in sales of the product because of its high cost.

this list price, depending on negotiations with the individ-

The discount could take the

product and which has respon-sibility for sales in the US.

The drug is being marketed

TPA, which went on sale a

The growth in sales has,

however, slowed considerably in recent months, reflecting

the high price of the product and the feeling among doctors

under the name Activase in the US and Actilyse in the UK.

year ago, is likely to achieve world sales of more than \$100m

in its first year.

as effectively.

would buy the medication.

It operates by dissolving the blood clots which form in the arteries of such people, restor-ing supply of blood to the Boshringer-Ingelheim, a West German pharmaceuticals company, has received UK Genentech and Boehringer-Ingelheim justify the high price of TPA on the grounds of its high research and develop-ment costs. They say also it is expensive to make.

Some healthcare analysts some nearncare analysis believe less costly drugs – in particular a combination of aspirin and another much cheaper clot-dissolver called streptokinase – might help heart attack victims as effec-tivale ual health authorities which tively. The discount count take the price to £300 or less. Boehringer-Ingelheim is sell-ing TPA in Europe nuder licence from Geneniech, the US company which developed the

Other people in the health-care industry say the relative merits of the various forms of treatment will not be known for several years, pending the completion of a series of rigorous comparative trials.

The outlook for TPA is fur-ther complicated by the fact that several other pharmaced-tical companies besides Genen-tech would like to develop and sell their our transformer of the sell their own versions of the formulation.

That could possibly cut into the sales of the Genentech product.

Last week Genentech lost a that week Genentech lost a court case in which Wellcome, the UK drugs company, argued successfully that a UK patent Genentech has over TPA should be ruled invalid. that cheaper drugs might work TPA, which is based on a

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Banque Indosuez Luxembourg,

Government approval to sell in Britain tissue-plasminogen activator (TPA) for a list price of £900 a dose, compared with \$2,200 (£1,300) in the US. The company said yesterday that it would be willing to seil the product in the UK below

UK NEWS

UK truck sales head for record

By Kevin Done, Motor Industry Correspondent

The boom in UK commercial the year to date of 27.47 per vehicle sales gathered pace last month as new registrations jumped by 15.14 per cent to 29,748 units, compared with 25,836 in October last year, still supported by the buoyancy of the UK economy.

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For the first 10 months of the year commercial vehicle sales are 13.72 per cent higher than a year earlier at 303,799 units compared with 267,135 and are on track to exceed last year's record of 312,730 vehicles for

the full year. According to figures from the Society of Motor Manufac-turers and Traders imported commercial vehicles have increased their share of the UK commercial increased their share of the UK market to 40.19 per cent in the year to date from 38.32 per cent a year ago, but in October alone the importers' share was reduced to 38.34 per cent com-nared with 40.16 per cent in narket vith a jump of 19.7 per cent to 31.470 units in

Sales of trucks (above 3.5 tonnes gross vehicle weight) in 1988 will reach the highest level since the peak year of 1979. Sales in the first ten months at 57,857 units have virtually equalled the level achieved in the whole of 1987 following a jump of 17.8 per cent. Iveco Ford, the joint ven-ture between Iveco of Italy and Ford of the US in which Iveco has management control, has has management control, has consolidated its overall leader-

cent to 14,079 units, increasing its market share to 24.33 per cent from 22.49 per cent a year Leyland DAF, the UK subsidiary of DAF of the Nether-lands, closed the gap a little in October, but for the year to

date its share of the market is virtually unchanged at 22.57 per cent following an increase in sales volume of 18.61 per cent to 13,117 units. Mercedes Benz of West Germany, in third place in the truck sector, has also ont-paced the surging overall mar-

ket with a rise of 22.36 per cent in sales volume. It has increased its market share to

19.7 per cent to 31,470 units in the first 10 months.

the first 10 months. The most spectacular gains have been made by ERF, the independent UK heavy truck maker, which has increased its share of UK heavy truck sales to 10.1 per cent in the first 10 months, from 7.7 per cent a year ago, backed by a leap in sales volume of 56.81 per cent to 8.177 units. to 3,177 units. It has leap-frogged both lveco Ford and Scama of Swe-

with a jump in sales volume in the heavy truck market

· · · · · · · · ·	Volume (Units)	Volume Change (%)	Share (%) Jan-Oct 88	Share (%) Jan-Oct 51
Total Market"	303,799	+13.72	160.00	100.00
Imports	122,105	+ 19.27	40.19	38.32
Small vans (up to 1.8	OTRES)			
Total	99,743	+ 12.50	190.00	100.00
Imports	28,625	+7.68	28.70	29.95
Ford	30,990	+9.27	31.07	31.99
GM (Bediord)	26,994	+ 18.25	27.08	25.75
Rover Group	16,570	+ 10.86	16.61	16.86
Peugeot (Incl. Cizcen)	8,050	+17.78	8.07	7.71
Renault	5,429	+ 16.60	5.44	5.25
Medium Vans (1.81-3	5 tonnes)			
Total	128.345	+11.75	100.00	100.00
imports	59,234	+24.26	46.19	41.54
Ford	53,120	+10.90	41.42	41.74
Def (Freight Rover)	14,285	+1.05	11.14	12.32
Renault	10,172	+25.18	7.93	7.08
Nissan	9,985	+44.77	7.79	6.02
Peugeot (incl. Citroen & Talbot)	8,230	+33.39	6.42	5.38
Mercedes-Benz	7,217	+ 19.53	5.63	5.26
GM (Bedford)	6,994	-13.78	5.45	7.07
Fructs (over 3.5 tonne	s)			_
[otal	57,857	+17.80	100.00	100.00
imports	23,502	+16.83	40.62	40.96
veco Ford	14,079	+27.47	24.33	22.49
Daf (Leyland Daf)	13,117	+ 18.61	22.67	22.52
Mercedes-Benz	8,783	+22.36	15.18	14.61
/olvo	5,841	+ 12.57	10.10	10.57
Renault (RTT)	3,923	-8.92	8.78	8.77
ERF	3,177	+56.81	5.49	4.13

Before you make your own investment in relocation, take a look at the Birmingham Investment. It's been designed to create the perfect environment for business success. And it's working. It's given the city the UK's fastest nationwide communications links - including the UK's fastest growing international alport. It's supporting one of the Birmingham is the manufacturing centre of the UK, with more people engaged in manufacturing than Manchester and Sheffield combined. In the twelve months to March 1985, manulacturing industry in the West Midlands out-performed every other UK region. growing international airport. It's supporting one of the UK's most exciting development programmes, with new industrial and commercial projects worth more than £1-5 billion currently in the pipeline. And it's established Ermingham as one of Europe's great business cities, with developments like the new £12m International Convention Centre and the expanding National Exhibition Centre. Most important of all, the investment is working directly for hundreds of local companies, which are expanding taster than at any bould start working for Commercial rents and rates in Binningham can be as little as a third of London and South- Well over 100 overseas manufacturing firms have already invested in Birmingham. > Birmingham offers the highest level of local authority support to business expansion of any UK city. **RELOCATION OPPORTUNITIES** To find out how the Birmingham tment could start working for your business, clip your business can to this ad. Or call the Birmingham EOU 2352 <u>Birmingham</u> Internet and the state of the second The Investment is working Birmingham City Council, Sconomic Development Linit, Development Department, Room 104, Baskerville House, Broad Street, Birmingham B1 2NA.

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INVESTORS in cellular communications could make

an immediate thousandfold return on their initial outlays if they were successful in win-ning licences to run systems, Mr Malcolm Ross, senior consultant at Arthur D. Little, the consultancy group, said yester-

day. The cost of putting in an application is in the hundreds of thousands of dollars; the value of a licence is in the hun-dreds of millions of dollars," he said.

Mr Ross was speaking on the first day of a two-day Financial Times conference in London on the ontlook for world mobile communications. He told the conference that

good marketing rather than price cutting was the key to success in the market. as demand for cellular phones was very insensitive to their price. Moreover, in countries



WORLD MOBILE COMMUNICATIONS

phone set helped to double sales overnight, usage among the newly added subscribers

the newly added subscripers was only two thirds of the rate among existing customers. Mr Rick Paggeot, vice presi-dent of Motorola, the US cellu-lar phone maker, said that the move towards portability was generating extra revenue for cellular operators, as owners of portable phones used them more often than car phone

owners.



with two operators, the market was almost certain to be split in two equal parts and so cut-ting prices leads to lower prof-its not higher market shares. "Why is everyone selling

why is everyone sening equipment so cheaply in the UK?," he asked. Mr Kouhei Nishino, senior executive manager at Nippon. Telegraph and Telephone (NTT), said that the develop-ment of mobile cellular net-works in large had been char. works in Japan had been characterised by intense traffic concentration in the major cities. With about 60 per cent of all car telephone subscribers situated in the Tokyo area, NTT had been forced to develop a new high capacity analogue system in the city, and was working on the devel-opment of digital cellular net-works.

works. Mr Nishino added that NTT was pressing ahead with the introduction of cordless tele-phone services for office build-ings, following the recent liber-alisation of this part of the telephone system in Japan. Car telephone prices had now fallen to a sufficiently low price in the US to become attractive to the mass con-

attractive to the mass con-sumer market, according to Mr Carroll McHenry, president of American Cellular Communications.

cations. In Los Angeles, which Mr McHenry described as the world's best cellular market with 170,000 subscribers, mobile telephone prices had dropped to \$199 per unit and large retailing companies were entering the market. These changes, he said, meant that emphasis in the business was switching from licensing and regulatory issues to the management of the systems.

systems. In one mid-western town where the launch of a \$199 tele-

continent was weak - ac-counted for three quarters of the cost of making the handsets.

Church challenged over South African portfolio By Richard Evans

UK CHURCH Commissioners, responsible for the substantial investments of the Church of England, are coming under increasing pressure to change their investment policy to take account of ethical issues such as involvement in South

Africa. This follows a fresh legal opinion on the investment duties of the Commissioners obtained by the Christian Ethi-cal Investment Group. The Commissioners have

been at variance on the issue with a section of the Synod, the Charch's governing body, which has pressed for invest-

ment changes. The Rt Rev Richard Harries, Bishop of Oxford, welcomed the legal opinion, which states that the Commissioners should bear in mind that support of the clergy was only the means to the higher end of the promo-tion of the Christian faith, and he said it would have far

reaching consequences.

Mr Robert Atkins, parliamentary undersecretary at the Department of Trade and Industry, said that the UK Gov-ernment intended to support the introduction of satellitebased pan-European mobile services for airline passengers. After the successful testing of air-to-ground links early this year, the Government was planning to license British Telecom and Mercury to establish services.

According to Mr Stephan Pascall, who is responsible for mobile communications at the European Commission, several countries would begin to run out of capacity on their current out of capacity on their current analogue mobile telephone net-works by 1991. The introduc-tion of the planned new digital mobile services would help solve these problems, he added,

solve these problems, he added, by providing about double the traffic capacity available on the present networks. Mr Pascall stressed that the launch of the digital technol-ogy would transform the indus-try in Europe by offering a sin-gle large European market in place of the collection of incompatible networks cur-rently installed. But he gave a warning that European mana-facturers of mobile telephone hand sets would be able to ben-efit from this market opportu-nity only if they made substan-tial investments in the new technology.

technology. Mr Ulf Johansson, executive vice president of Ericsson Radio Systems, said that Euro-pean manufacturers were in a bad position to win a large share of the market for digital cellular handsets. This was because microchips - a tech-nology in which the European

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Rapid changes in the range of government support for business mean that frequent

undates are necessary if the

business-person is to take advantage of all on offer. Some

organisations have developed electronic databases but for

The booklet costs £5 and is

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MANAGEMENT: Small Business

Putting your mouth where your money is

Charles Batchelor explains the importance of speaking foreign languages

intool, a small Birmingham-based manu-facturer of specialised tooling for the fastener industry, spent four years building a profitable export business to France without any of its staff useding to speak a

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word of French. Then, in 1986, Lintool had a dispute with its agent in Paris and was forced to end the agreement at short notice. The British company, (then part of the publicly-listed Linread group but since bought out by its management) which had had no direct contact with its French customers, suddenly faced losing business account-ing for one fifth of its £1m

None of Lintool's 40-strong staff was able to speak their language, so John Silk, the managing director, took urgent action. He signed up with a language school for a twomonth intensive course in French and then went out to France to deal directly with his

Dg

"I finished the course before haking my first phone call," he recalls, "All I had before was schoolboy French that was 20 years old and I had to huild up my confidence."

Silk's language lessons paid off. He managed to save 80 per cent of Lintool's French business, went on to rebuild it to its previous levels and has also taken on the UK agency for a French company making com-

plementary products. Lintool is not alone in facing a sudden crisis because of its lack of language skills. But despite the borror stories which abound and the opening up of the European matter in up of the European market in advance of 1992 many British companies remain convinced that they can get hy without

foreign languages. The almost legendary unwillingness of the British husiness-man to learn a foreign language has been confirmed by numerous studies. One survey carried out in 1979 showed that only 30 per cent of 200 export departments contacted claimed any linguistic ability despite the fact that this was the department where most compa-nies concentrated their lanof foreign languages. Total Audio Concepts, which guage skills.

According to Stephen Hagen, designs audio mixing consoles

LANGUAGES cau pose xpected problems for companies engaged in exporting, Pritchitt Foods, a Bromley, Kent-based supplier of dairy products to the Middle East, needed to date-stamp and label its cartons in Arabic. Pritchitt arranged for its labels to be translated by a local agency, Malla Transla-

tions, but the unfamiliarity of Pritchitt's staff with Arabic numhers meant the date stamps were often incorrect. "We found we were chang

ing the date stamps in English but not in Arabic so they got out of sync," recalls John Day, export sales manager. Inaccu-rate expiry dates meant some of Pritchitt's products were being dumped as soon as they arrived in the Middle East because they had apparently passed the freshness period. Pritchitt devised a method of simultaneously changing dates in both English and Ara-bic on its printers and insisted all Arabic translatious be accompanied hy the English original so staff knew what

English throughout the world

as the language of commerce has long been used by British

businesspeople as an excuse

for not learning foreign lan-

guages, And some companies do achieve success with

exports, usually by using English-speaking local agents,

without learning a word of their customers' languaga. Three of the five companies to

win the 1968 Export Award for

Smaller Businesses (sponsored

by the British Overseas Trade

Board) did so without the use

was going on to labels. Translating promotional

material can also create problems for exporters, warns Malla's Nana Schlaepfer. "Simply translating the English brochure is not enough since frequently the British approach is very different. Exporters should get bold of

their local competitors' bro-chures to see how they com-pare," she advises. Another exporter says he has his brochures translated by the local agent; checks them himself and then shows them to existing customers to assess their reaction to be sure he has got it right.

Companies which make use of translators frequently underestimate the problems of making good translations, says Schlaepfer. "They think it is like typing, that you just sit at the typewriter and it comes out in a different language. That's not so." The translator may need to check back with the company to discover the exact context of a particular word. Clients sometimes think this is because the translator does not know his job. It should be taken as a sign he is trying to get it right, she says.

in his introduction to Lanused in the recording industry, guages in British Business, a critical study* published earexports 90 per cent of its £3m turnover to countries such as lier this year, a growing aware-ness of the importance of lan-guages has developed during China and Japan using only English. Mick Walker, export shipping manager, says the fact that TAC is in the music the 1980s. However, employers arestill reluctant to attribute the same weight to linguistic business, where English is widely spoken, helps, and he is not aware that a lack of lanas to technical skills when recruiting people, he adds. The widespread use of guage skills has lost his com-

pany any business. However, Jack Garbett, sales and marketing manager of F. Drake & Company, a Hudders-field-based supplier of yarns and textile products and another of the award winners, says his fluency in French and German has been essential to developing export sales. Unlike some areas of husi-

ness, where a failure to under-stand, say, computers can be seen to have a measurable impact on a company, the result of a lack of language skills is more difficult to quantify. "Companies are usually unable to cost their errors and failings in terms of the potenket and the way business is

tial lost trade," says Hagen. Despite British business's Despite British business's poor record, people in the lan-guage teaching area report signs of changing attitudes, partly spurred by the publicity surrounding 1992. "Before the publicity about 1992 most people would only look at language training if they had got their fingers burned." says Kim Davies.

burned," says Kim Davies, training adviser at IC (Language and Communication Ser-vices), a Birmingham-based organisation which provided language training for Lintool's John Silk. "Now, even if people have no particular business strategy they feel they have to prepare for 1992."

Companies which do decide to conduct more of their business in a foreign language must think through the impli-cations, Davies warns. One British company translated all its promotional literature into French but failed to recruit anyone to its switchboard who spoke the language. When potential Freuch customers rang they were met with blank incomprehension. One com-plained, by telex, that the switchboard had simply hung up when confronted with a French-speaker.

So why should a company train its staff in foreign lan-guages? The most immediate enefit can be the opening up of new markets. Holyhead Fish Processors, a £3m turnover company with a full-time staff of 16, opened up the Portu-guese market and expanded business in France when it took on a secretary who spoke four languages apart from her native Dutch. Holyhead had always had a policy of employing someone who spoke French and if possible German to deal with its continental customers, says Mark Crane, managing direc-tor. Knowing he had the services of a Portuguese speaker, Crane faxed and telexed shell-

fish importers in Portugal and followed this up with tele-phone calls which succeeded in drumming up new business. Speaking the language also makes the exporter far less reliant on his agent or distributor for information on the mar-

going.



"If I talk to my French customers in their own language my message is undiluted," says Jack Garbett. "I hear their reactions and I know exactly what they have said."

Conversely, on a recent trip to Finland, where the customer spoke only Finish and Swed-ish, Garbett says he felt com-lated and I had no feeling of contact or communication," he says. "I felt I might as well not

Mastery of foreign languages also allows a company to man-age overseas subsidiaries far age overseas subsidiaries far more closely. When the public-ly-qnoted Foseco group acquired control of a German company, one of Foseco's UK subsidiaries, The Universal Grinding Wheel Company, found it had problems ensuring that the German essection that its German associate devoted enough attention to

German company and through the German sales staff. "It was all very top heavy," recalls Mike Butler, regional manager for Universal, which has sales of more than 510m. of more than flom.

Butler set out to learn German, heginning an intensive 100-hour course of two to three hours a week last November. Revealingly, the initial reac-tion of the German subsidiary to the news of Butler's efforts was hostile but Butler says relations are improving. "It has had the desired effect

of helping me understand them and shows we are trying to help them," he says. "It has cemented our bonds with their salesmen and means I can get

on on a social basis with their executives. It also allows us to chip away at this question of control

Universal Grinding's experi-ence illustrates that language is an issue not just for the small independent husiness but also for quite sizeable divi-sions of international compa-

Inextiably though, it is the smaller independent company with limited management resources which can least spare the time for its executives to acquire language skills.

It is often an act of faith for the executive who sets out to learn a foreign language, con-cedes IC's Kim Davies. "They must be prepared to commit time which could otherwise go to selling or production," she notes. "It is only when they start to acquire the language skill and they can see a reason for it that they give it its

proper place." Unless more British managers are prepared to put foreign languages on their schedule, sales opportunities will con-tinue to be missed and foreign customers may continue to doubt the commitment the British exporter has to their market

Fluency in a foreign language may take years but John Silk and Mike Butler show managers can become competent enough to influence the course of their company's busi-ness in a far shorter time.

*Languages in British Busi-ness, 218 pages, E19.75. Avail-able from The Centre for Infor-mation on Language Teaching and Research, PO Bax 573, Lon-don NW1 4SU.

In brief...

An ambitious programme aimed at overcoming the small husinessman's traditional reluctance to take training courses is to be launched next

many businesspeople a booklet is still the most handy form. The 22m distance learning programme is claimed to be the largest small business BDO Binder Hamlyu, an accountancy firm, last month published the seventh edition training initiative to he launched in the UK. It will of Government Help for your Business. It contains more than 250 different schemes in allow businesspeople to carry out much of their study at the fields of training and home or in the office using workbooks, and andio and employment; general invest-ment and development; advice schemes; research and develvideo cassettes. opment; exports; and tourism and leisure.

The Small Business Programme, which is being devel-oped by Cranfield School of Management and the Open The bookiet costs 55 and is available from Alison Miller, BDO Binder Hambyn Regional Development, 26 Millon Road, Swindon, Willshire, SNI 51A University, is intended to appeal to the owners and appeal to the owners and senior staff of established businesses employing between five and 50 people which are keen to grow further. The key problem facing many established businesses is how to control continuing

Co-operative businesses are no less efficient than conven-tional enterprises despite the widely held assumption that their ownership structure and methods of finance work to their disadvantage. This is the conclusion of a new book, Developing Success-

how to control continuing growth, or even arrest decline, says Paul Barns, Cranfield's professor of small husiness development. The courses will make use of prohlems the entrepreneur encounters in his own busi-ness and have been designed to be used individually or to be built into a broadly-based ful Worker Co-operatives*, which makes what is claimed to be the first large-scale study he built into a broadly-based

training package. They have been divided up into four basic areas of learnof co-ops' economic perfor-mance in Britain. Despite the challenges of operating in an environment which is either indifferent or openly hostile to ing - financial accounts, mar-keting, premises and people. More detailed courses will their needs, co-operatives can look at subjects within these main strands such as the role and do perform on equal terms, it says. It also disputes the orthodox of product development, pric-ing and customer service as view that as co-ops grow in size they inevitably abandon part of marketing. In addition, sector-based courses will conthe co-operative principla. The book surveys co-op sup-port organisations and gives centrate on the specific needs of different industrial sectors which contain a large number ome case histories.

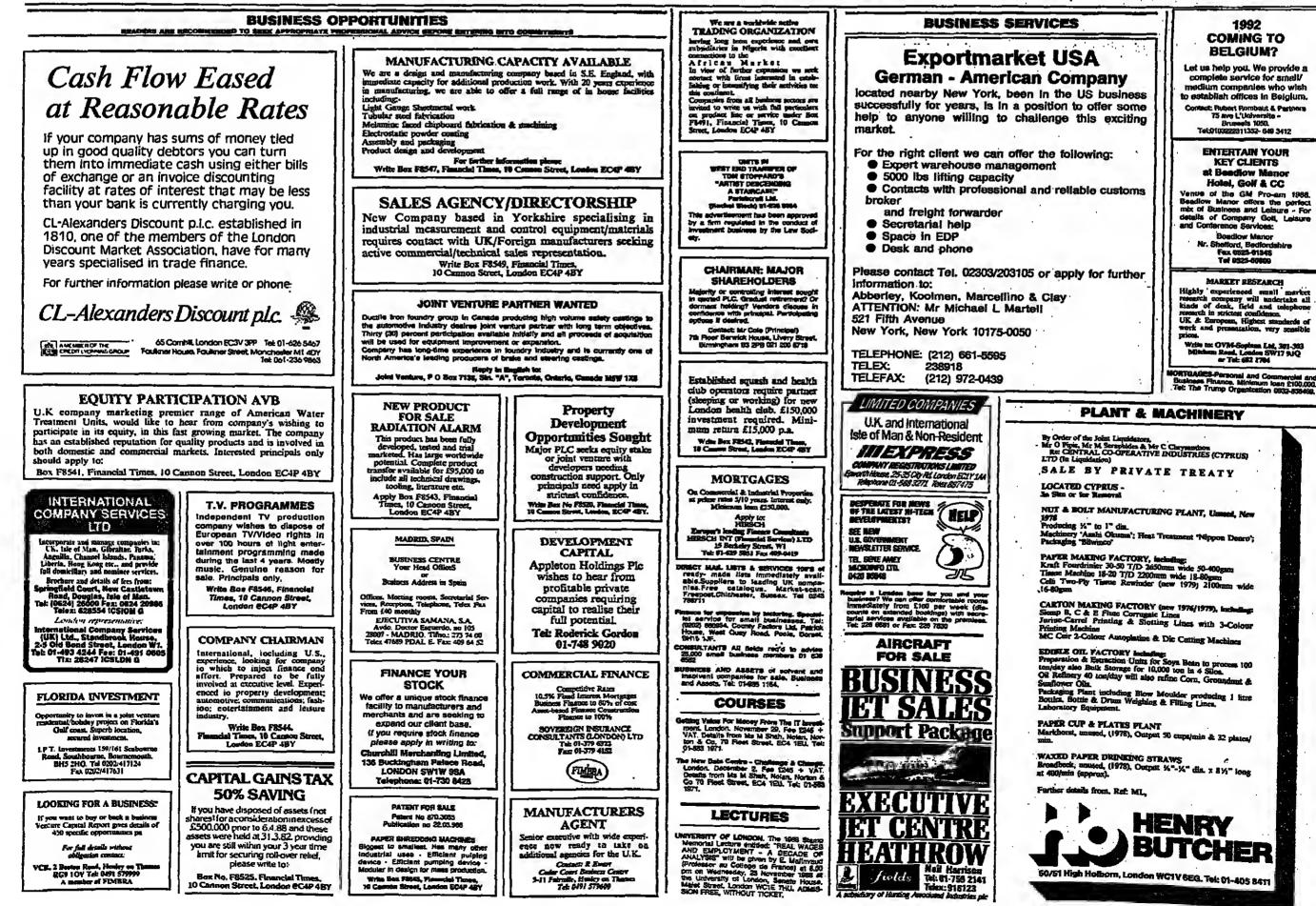
Price £27.50 (hardback) and £9.95 from SAGE Publications, 28 Banner Street, London EC1Y of small businesses. The hasic modules will require eight hours of study, half of it at home or in the SOE office using workbooks and cassettes followed by an evening or afternoon group work-

Profit In Store; an exhibition. shop arranged locally. which acts as an export show-case for small businesses prod-Three introductory video programmes will be broadcast on BBC TV ahead of the launch next September to gen-erate interest in the scheme; ucing consumer goods, will be held on December 5 at British Petroleum in Moor Lane, Lon-don EC2. open evenings will be held in the regions to attract small business owner managers. The Thirty stand places are

available for small businesses at £50 each. The exhibition, which is in its fourth year, programme will also be promoted by enterprise agencies, chambers of commerce and allows small companies to existing training organisa-Dres ment stores from around the The preparation of the proworld gramme has already prompted interest from Hong Kong, Can-ada and Australia, Burns says.

Contact London Enterprise Agency, 4 Snow Hill, London ECIA 2BS. Tel 01-236 3000.

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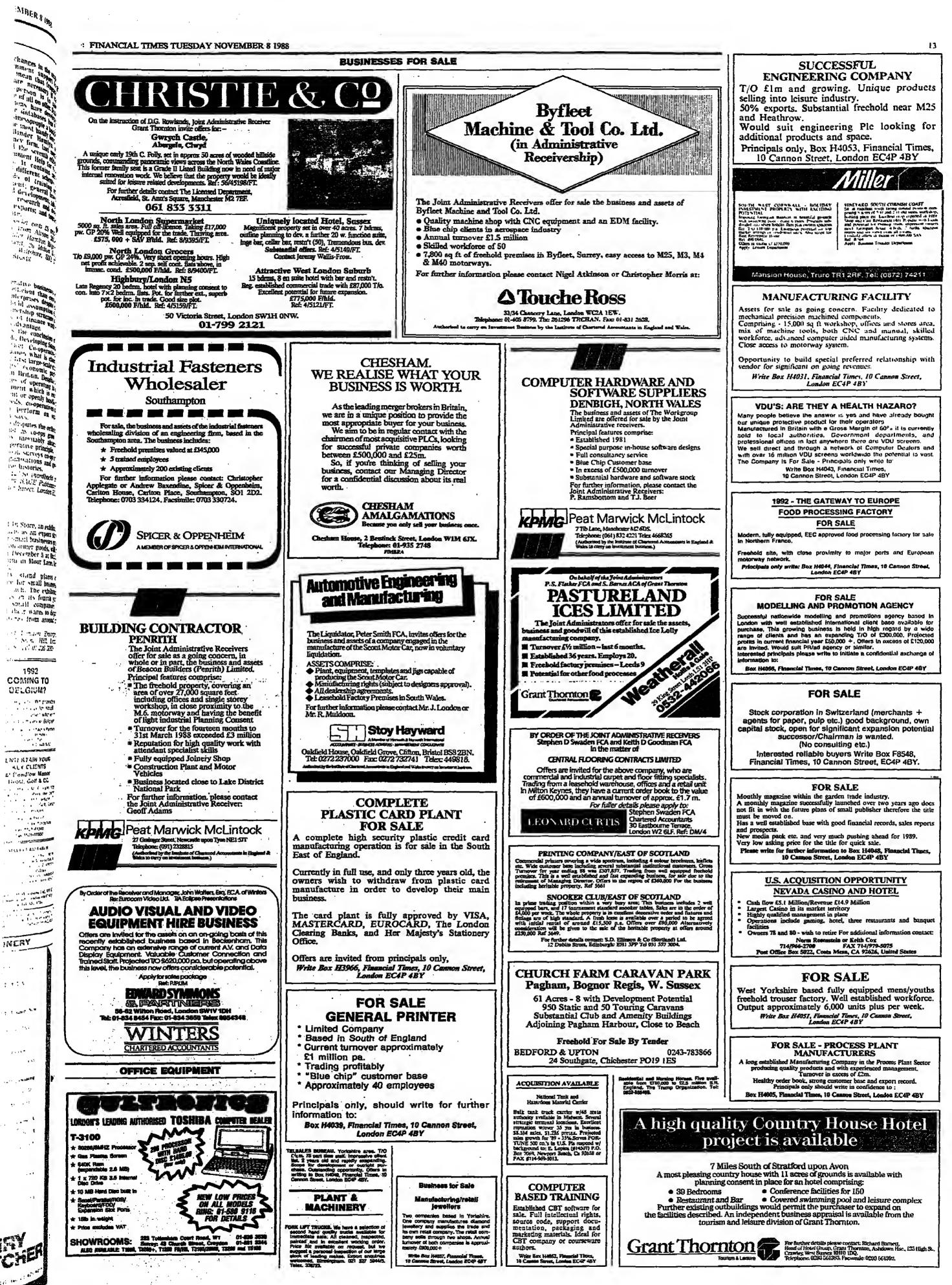
Universal's products.

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TECHNOLOGY

ontentious issues like "acid rain" and over-heating of the planet through a "green-house" effect have rekindled interest in the search for cleaner and more efficient ways to burn fossil fuels.

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concepts that could benefit is magnetohydrodynamics (MHD) - a technology as troublesome - a technology as frontolesome as its name - which soared to fame in the 1960s, but fell from grace when the engineers said it was all too difficult. William Jackson, president of HMJ Corporation in Wash-

ington DC, a company special-ising in MHD, is among those who believe that the technology is set to come into its own for fossil fuel power stations in the 1990s. Jackson, a physicist who ran a large MHD pro-gramme for the US Govern-ment in the mid-1970s, explains that Congress has kept MHD alive m spite of attempts by both the Carter and Reagan Administrations to kill it. They said it absorbed too much of the US Department of Energy's budget for fossil fuel research. Congress has just voted to spend \$37m (£21m) on MHD for the coming year, an increase of \$2m on the previons 12 months. Proponents of MHD say that there are no funda-mental technical barriers to using it in power stations, but acknowledge that big technical risks remain.

Jackson says that the \$37m will fund studies by industrial groups in Florida and Montana, based on two different coals, one high and one fairly high in sulphur. The goal is to

Magnetic prospect leaner and more efficient rays to burn fossil fuels. One of the power station oncepts that could benefit is

David Fishlock describes a system for the cleaner and more efficient conversion of coal to power

produce evidence to back a big demonstration of clean coal combustion involving an MHD generator added to an existing station, in a project expected to cost between \$200m and \$400m

over 10 years. So far, the only attempt at a demonstration on this scale is being mada by the Soviet Union. In 1982, it started work magnetic turbine, in which the hot gas thrusts against a mag-netic field instead of turbine blades. Early spacecraft con-firmed that MHD electricity is generated in generated in section. on a 570 megawatt (MW) natu-ral gas-fired station at Ryazan, generated in space, as searing winds from the sun cut across 150 km south-east of Moscow. The conventional steam-raising part of the project is operating. But the MHD "topper", designed to increase efficiency by first burning the gas at a very high temperatura, remains "just a hole in the ground," according to Jackson. Soviet engineers are appar-ently having trouble building the powerful superconducting magnet. The Soviet newspaper, Communist, called the project a "failed child of science under the previous leadership." The conventional steam-raising the earth's magnetic field. A compact MHD power plant needs a gas temperature of at least 2,600 degrees C - far higher than gas turbines can handle at present - and a magnetic field strength of sev-eral Tesla, calling for a super-The exhaust gas from the MHD generator is still hot enough to raise steam at peak afficiency from conventional

piant. In theory, the MHD "top-per" could increase overall effithe previous leadership." MHD is a technology for con-verting thermal energy directly into electricity, bypassing the customary steam engine. When ciency (in terms of the conversion of fuel to power) from the figure of less than 40 per cent normally associated with

a hot, electrically-conducting gas is blasted between the poles of a magnet, it induces a flow of electricity at right steam turbines to 60 per cent. This is because the only way This is because the only way out of the Carnot cycle, which limits tha efficiency of the steam engine, is to go for a one-step conversion of heat to electricity, such as MHD. Jack-son says that other advanced coal combustion techniques angles to both the gas flow and the field (the Faraday effect). MHD can be likaned to a only promise to increase efficiency to 45 per cent. But two decades of engineer

ing experiments have left no doubt that the technology is doubt that the technology is troublesome. In Britain, as long ago as 1968, the Central Electricity Generating Board abandoned a planned £20m demonstration at its March-wood power station. Academic researchers then found that MHD projects were no longer winning support.

MHD projects were no longer winning support. According to Jackson, Britain – and France – made too hasty a indgment that coal-fired power was doomed to fail in competition with nuclear power. But both the US and Soviet Union perse-vered with MHD. More recently, other countries have started national MHD pro-

grammes, among them Japan, Italy, India and China; and the European Community is proposing one. Bill Jackson identifies sev-eral factors which have helped

How MHD makes

Cathod

electricity in

one step

Hot gas

rekindle interest. One is that, despite the high operating tem-perature, an MHD generator displays some intrinsic advan-tages over other ways of rais-For example, particulates in the input gas cannot damage the magnetic field in the way that they attack the blades of a coal-fired turbine. Moreover,

coal naturally forms an electri-cally conducting slag on the electrodes needed to pick up MHD power, protecting them

MHD Dowel

Inverter

generator

Combustor

Current

Magı field

from corrosion. Another discovery is that the chemical, potassium carbonate, with which the hot gas must be "seeded" to make it sufficiently conductive for MHD generation is ideal for remov-ing sulphur, the corrosive ingredient of "acid rain", from ingredient of scal ram, rom the fuel. No other processing is needed, he says. "The chemis-try is in perfect balance." Nitrogen oxide (NOx) emis-

sions are minimised by control-ling the rate of temperature decay in the combustion gases. Any residual coal particles can be removed from the MHD exhaust by conventional filters before the gas is passed to the steam boilers. The net effect, says Jackson,

is

Alternating current electricity

Airheater

Direct current

(adiam trailor

s3,000 per kilowatt comes from the two US projects studying conceptual designs for an MHD generator to add to a coal-fired power station. One, run by MHD Development Corporais to bring MHD within the price bracket of other advanced technologies for contion, involves such companies as Montana Power Company, TRW, Avco, Babcock and Wil-cox, General Dynamics and Westinghouse Electric. verting coal to electricity, such as coal-fired turbines and pres-surised fluid-bed combustion.

dards by a factor of 10.

The evidence for a price range of between \$2,000 and

FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

The other is run by Wes-tinghouse and involves

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Saving power in the transformer

Moreover, it should be able to beat current US emission stan-

IF ALL 35m power distribution transformers in the US were replaced with units using a new kind of magnetic core, the country could save 60bn idlowati-hours of energy

That is the estimate of General Electric Power Delivery, of North Carolina, and the Electric Power Research institute (EPRI) of California, joint developers of the new transformers.

Transformers are used throughout power distribution networks to reduce voltages from grid levels down to the lew hundreds of volts needed for factories and homes. They consist of a high-voltage inpu

winding and a low-voltage output winding. Both are wound round an iron core to concentrate the magnetic field which transfers the energy from one winding to the other.

The problem is that the core itself absorbs energy, producing considerable losses in the form of heat and reducing the efficiency of the

The GE/EPRI answer is an

Southern Company Services

WORTH WATCHING

Edited by Geoffrey Charlish

Optical success for Alvey

THE UK Government's Alve programme, which sponsors research almed at improving Britain'e position in information technology, has chalked up a success with work just completed by Plessey, the UK electronics company, and the British Telecom Research Laboratories (BTRL) at Martlesham in Suffolk.

has been developing under an Alvey programme in "one micron" technology has been customised by BTRL to produce a component for optical fibre transmission systems. British Telecom is Plessey's first customer for the array and other users are being sought. The array, designated CD1014, allows equipment makers to incorporate exclusive circuits into their products, in relatively low volume and at reas Gate arrays are "chips" which contain ordered patterns of semiconductor elements which can be connected in ways to suit a customer'e requirements Element spacings on the new chip are only one micron (millionth of a metre) and the circuits can deal with data rates up to 2.8 Gbits/sec (2.8bn bits per second). British Telecom needs such fast devices to exploit the high transmission speed of optical fibres on its long hauf routes. It plans to raise speeds to 2.4Gbits/soc, lowing four times as many telephone calls to be carried.





Some banks are exchange departments specially tonight, for the presidential election. holidays.)

It's sure to be exciting for them.

is open for foreign exchange tonight - and every night. (Bar bank foreign exchange Sec. Sec. and re-

iticorp, however,

Which may be one reason why we're consistently elected No1 in

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loses only about a third of the energy of the normal tron-based,

crystalline-structure metal. The material is made by spraying a stream of liquid metal alloy on to a chilled rotating wheel. The metal hardens before it can form a crystalline structure and comes off the wheel in strip form.

Transformers made with the amorphous alloy cost about 25 per cent more than the conventional kind, but this is offset by energy savings over the transformer's life.

A pattern for dress design

COMPUTER-sided design is applied to all stages of clothing and textile design in a system called Ormus Fashion introduced by **Concept 2 Research of** Stevenage in the UK. The system is said to produce savings by allowing designers more freedom to nent before embarking experiment before embarking on the expensive process of making garment samples. A small Ormus system for garment design, at less than £9,000, is claimed to be the least expensive for this purpose in the UK. More comprehensive systems cost up to £24,000.

As the designer sketches on an electronic drawing tablet, the result appears on the screen and can be squashed, stretched or otherwise modified. That mechine can then be bloyed to turn the skotch Into the pattern pieces that will be used to cut the material from which the final garment will be made. Existing block shapes can be taken from an electronic library and adapted. When satisfied, the

designer can produce paper patterns and try them ly on a dress stand making necessary changes and feeding them into the computer. Allowances for soams are automatically nddad

The computer is also able to cost the garment and assist in lay planning, the process of arranging the pattern pieces on cloth from the roll. It can automatically grade the pieces for different sizes

of garment. The company also offers systems for textile designers lowing drawing and a" in colour on the

COLUMN COLUMN

Beaming orders to the kitchen

CHECKOUT Computer Systems of Dunstable, in the UK, is offering a hand-held order-taking unit for holes, vestaurants and pubs which should anable staff to give a fastor and more flexible service to customers.

Known as Repos, the book-sized unit is a battery-operated, cordie battery-operated, cordiess terminal with liquid crystal display. Staff cas enter customers' orders at the table and simply point the unit's infra-red beam at the nearest receiver, probably mounted on a wait.

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From the wall receiver, the orders are sent directly to the kitchen over a cable, where they are printed out. Apart from keys representing table numbers, the unit has keys which are programm according to the restaurant's menu. The water can move from table to table taking orders, without having to return to a central point or fixed terminal.

The system works with the company's other point-of-sale electronic equipment.

CONTACTS: GE Power Delivery: US, (704) 462 3900. Concept 2 Research: UK, 0438 313836. Pleasey: UK, 0327



An art auction is often front page news. Not at least because of the astronomical bids which are frequently made.

d by

Many a florist will have rubbed his eyes in disbelief when he read that a bunch of sunflowers was worth tens of millions of dollars. Prices are still rising.

And so is the importance of knowing whether a painting is genuine or not.

For an answer, specialists often turn to Royal Talens, one of the largest manufacturers of fine artist's colors and part of Akzo's coatings division.

The Centre Pompidou in Paris is one of them.

Several years ago three canvasses hung there which were attributed to Mondriaan. But many questioned their authenticity. That's why they called in **Royal Talens.**

Various evidence led our experts to conclude that they were forgeries.

Of deciding importance was the pigment analysis. It revealed a sort of white which, according to Royal Talens, was not sold until 1937. Yet the paintings were dated between 1914 and 1921. In other words, they were fakes. But Akzo conducts an enormous amount of research in other fields as well. As one of

the world's leading chemical companies, with 70,000 people in 50 countries active in chemicals, fibers, coatings and health-care products, we invest hundreds of millions of dollars each year in countiess research projects.

Add the dedication of the people at Akzo and their use of advanced techniques, and our research often results in new discoveries.

Happily most of them do not end up on the garbage dump.

For further information: Akzo Arnhem, (31) 85-663633.



FT LAW REPORTS



v ABOODY Court of Appeal (Lord Justice Slade, Lord Justice Balcombe and Lord Justice Woolf): October 28, 1988

A GUARANTOR is liable under her guarantee, though she was induced to sign by actual or presumed undue infinence, if at the time of signing the assumption of risk was not manifestly disadvan-tageous to her. The Court of Appeal so held

The Court of Appeal so held when dismissing an appeal by Mrs Doris Aboody, from part of a judgment by Sir Joseph Can-tley, in a claim by the Bank of Credit and Commerce Interna-tional Societe Anonyme against her and her husband, Mr Edward Aboody. LORD JUSTICE SLADE, giv-ing the indement of the court

LORD JUSTICE SLADE, giv-ing the indgment of the court, said that Mrs Aboody was an Iraqui Jew. She was born in Baghdad and educated in French and Arabic. Her English vocabulary did not include the jargon of the law. Her family moved exclusively within the local Iraqui-Jewish community and observed its customs customs. Business was not a matter

discussed with women. That was a man's exclusive prov-ince. In 1946, at 17, Mrs Aboody was married by arrangement to Mr Aboody who was 20 years older than she was. Her father provided a dowry of £2,000, which passed into Mr Aboody's control.

In 1949 the couple settled in Manchester. They bought a house in her name with e further £2,000 from Mrs Aboody'e father. They sold the house in 1964, and built another. It stood

experience in either capacity. Mr Aboody assured her that she would have to do nothing. she would have to do horing. Between 1976 and 1980 Mrs Aboody signed three guaran-tees and three charges on her house to secure Eratex's liabili-ties to the bank. In May 1983 Eratex collapsed, Its collapse was accelerated by two factors, First, from 1979 to 1983 Mr Aboody and others perpetrated a series of massive frauds on the bank, of which Mrs Aboody

BANK OF CREDIT AND towards a scheme for selling reasonable care to preserve the COMMERCE INTERNA- land in Florida. goods, and she was entitled to TIONAL SOCIETE ANONYME By June 8, 1983 Eratex owed be relieved from her guaran-2875.308

By June 8, 1985 Erater owed the bank £388,051. The bank claimed under joint and sev-eral guarantees signed by Mr and Mrs Aboody. The collapse of the business shattered the respect, trust and affection which Mrs Aboody had developed for her husband. They no longer lived together, in the action Mr Aboody had In the action Mr Aboody had no defence and suffered judg-ment by default. Mrs Aboody, who owned no assets except her house, strongly contested was mannestry insurvanta-geous to him. Ever since Allcard v Skinner (1887) 36 Ch D 145, a clear dis-tinction had been drawn between cases in which the court would uphold a plea of undue influence only if satis-fied that such influence was her house, strongy consistent the proceedings. She chal-lenged the validity of the trans-actions on the ground that they had been obtained by the "actual" undue influence of her busband. Sir Joseph Cantley found

fied that such influence was affirmatively proved on the Sir Joseph Cantley round actual undue influence by Mr Aboody was proved. He said Mrs Aboody signed any docu-ment he asked her to sign. She did not understand the legal jargon. She had complete faith and trust in her husband's evidence ("actual" undue infin-ence - Class 1 cases); and cases in which the parties' relationship led the court to presume undue infinence unless evidence was adduced proving the contrary ("pre-sumed" undue infinence – Class 2 cases). In Class 2 there were well-esintegrity and business ability. His influence over her in rela-tion to any transaction into tablished categories of relation-ship, such as doctor and patient, which gave rise to the presumption of undue influ-ence. The relationship of hus-

tion to any transaction into which she entered was total. The judge also found that in causing Mrs Aboody to enter into the transactions by undue influence, Mr Aboody was act-ing as the bank's agent. However, in the light of the House of Lords decision in National Westminster Bank n band and wife did not give rise to the presumption. Nor did the normal relationship of the normal relationship of banker and customer. The present case was pleaded as a Class 1 case, so the onus fell on Mrs Aboody to establish undue influence. Mr Wadsworth for Mrs National Westminster Bank v Morgan [1985] AC 686, the judge held that "manifest dis-

transaction would be set aside Mr wadsworth for Mrs Aboody argued that the House of Lords in Morgan directed its mind solely to Class 2 cases where the plea of undue influ-ence was based on presump-tion, because actual undue influence had been disclaimed by Mrs Morgan's coursel. for undue influence. He was not satisfied that manifest disadvantage to Mrs Aboody had been proved. At the time of signing, though the company's financial position was vulnerable, it was support-ing Mr and Mrs Aboody in conby Mrs Morgan's counsel. In a number of cases subse-quent to *Morgan* judges had described it as establishing that in *all* cases where a plea of undue influence was put for-mard the next v solving on it siderable comfort. Because of previous charges ehe would not have been any worse off for giving the guarantees, and there was a reasonable pros-pect that Eratex would suc-ceed. He gave judgment for the bank in its claim against her. The amount of that claim ward, the party relying on it had to show the transaction was manifestly disadvantageous to him. In none of those cases did the dicts form part of the ratio

was substantially reduced because of a cross-claim by Mrs Aboody. Aboody. The bank's security had included a pledge over Erater goods. It arranged for them to be held in a warehouse. By ingenious frauds on the part of Mr Aboody and two warehon-semen, large quantities had been removed. The judge held the bank was in breach of a duty to Mrs Aboody to take

seeds and and see

decidendi. Nevertheless they indicated a strong and consist-ent body of judicial opinion. The court would be slow to place an interpretation on Morgan quite contrary to that which appeared to represent the unanimous view of the courts in subsequent cases. The generally accepted inter-pretation of Morgan was cor-

K

rect. In *Morgan* Lord Scarman indicated the views of the House of Lords as to the origin of the doctrine of undue influ-ence. It was an equitable doc-trine developed to cover a gap in the law by enabling the court to give relief where a distees to the extent of the loss of the goods, calculated et

Mrs Aboody appealed from court to give relief where a dis-advantageous transaction was part of the judgment. The first ground of appeal

was that a party who proved a transaction was induced by actual undue influence was entitled to have it set aside without also proving that it was manifestly disadvanta-mone to him unconscionable bnt unimpeachable by law. Lord Scar-man's speech contained more than one reference to Class 1 cases, but contained no sugges-tion that in such cases the

influenced party was spared the need to show disadvantage. On the contrary, it appeared the House of Lords considered that in all cases of undue influ-ence a disadvantageous transaction was the starting point from which the court pro-ceeded. ge Pack

The first ground of appeal was rejected. In the light of *Morgan* even a party who affir-matively proved that e transaction was induced by andue influence was not entitled to have it set aeide on thet ground without proving the transaction was manifestly disadvantageous to him.

advantageous to him. The second ground of appeal was that each the six transac-tions was manifestly disadvan-tageons to Mrs Aboody. The question must depend on the balance of two factors: (a) the seriousness of the risk of enforcement to him About of enforcement to Mrs Aboody

of enforcement to Mrs Aboody in practical terms, and (b) the benefits gained by her in accepting the risk. After full and careful exami-nation of the background to each transaction, the judge car-ried out that balancing exer-cise and concluded that no manifest disadvantage had heen shown. There was no been shown. There was no ground for disagreeing with his

conclusion. The bank submitted there was no undue influence.

The evidence and jndge'e findings showed that Mr Aboody deliberately acted so as to conceal matters from his wife in a way which prevented her from giving properly detached consideration to her independent interest. If mani-fest disadvantage had been shown the court would have found actual undue influence

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proved The appeal was dismissed.

For the bank: Hazel William-son QC and Anthony Trace (Stephenson Harwood) For Mrs Aboody: James Wad-sworth QC and Nicholas David-son (Richards Butler)

and a strategy and there is a

Rachel Davies Barrister

The foundation of The Oriental Bangkok was a two storey mansion. A hotel where Somerset Maugham, Joseph Conrad and noted dignitaries have stayed. Here, nearly a century ago, they found them undistracted. Unhindered.

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Certainly they influenced it. And savoured the beginnings of what would become known as the finest hotel in the world. The Authors' Wing is now just a small part of the hotel, but still a quality of service that left a large part of the legend. Because, when it comes to excellence Did they write the legend? in service, we wrote the book.

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THE ORIENTAL BANGKOK

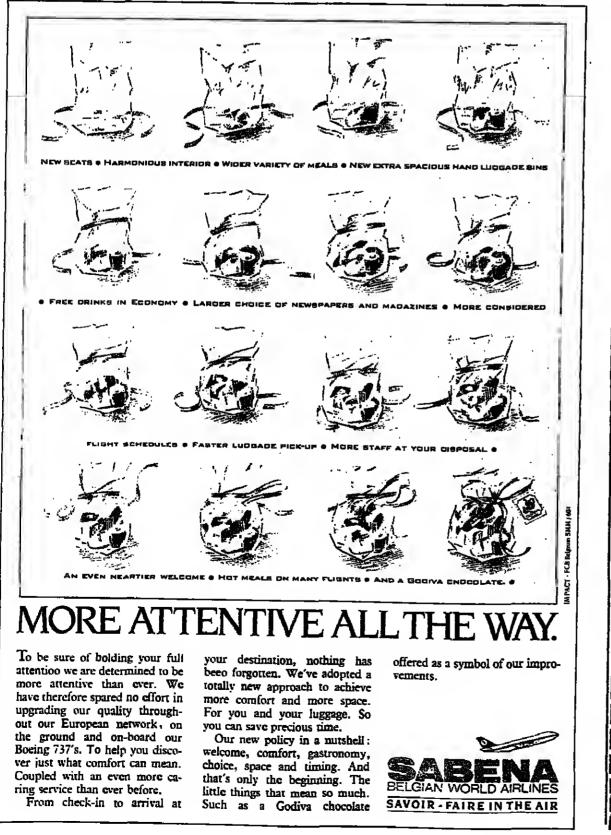
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was kept in complete igno-rance: second, Mr Aboody caused Eratex to pay out over £200,00 to a brother-in-law

in Mrs Aboody's sole name. In December 1959, Mr Aboody arranged for Mrs Aboody to be co-director and secretary of his company, Era-tex Ltd. She had no training or

advantage" to the complaining party must be shown before a



EUROPEAN **BUSINESS FORUM 1992 AND AFTER**

Rome, 1 & 2 December 1988

This year's Forum brings together a remarkable panel of speakers. A major feature of the event is the Jean Monnet Centenary Lecture to be given by M. Valéry Giscard d'Estaing, Former President of France. The lecture is a fitting conclusion to the European conferences of the FT Centenary Year.

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The Rt Hon Denis Healey, CH, MBE, MP Former Chancellor of the Exchequer, UK

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ARTS

A talent to deceive William Packer reviews "realist" artists Harry Holland and John Wonnacott

of all the doubtful epi-thets useful to art study and commen-tary, "Realism" is perhaps the most comprehen-sively misleading We use the sively misleading. We use the word not to illuminate the more profound qualities of the artist's engagement with his material, but merely to dis-criminate between figurative works of various kinds.

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All art is artifice, and not real at all. Even the most read at all. Even the most painstaking of transcriptions from the visible world must resort to simplification, re-or-dering of the imagery and open irickery in technique. Even the camera always lies, for the art-ist photo-realism cam only ist photo-realism can only mean an understanding and response to the nature of the deception.

deception. Two shows current in Lon-don galleries raise the issue. Harry Holland, whose latest work fills the Thumb Gallery in Soho (38 Lexington Street W1: until November 25), is the most dogged of figurative painters, sticking to his own style through many years even when it was out of fashion. Using the photosraph as ref.

Using the photograph as ref-erence if appropriate, but mov-ing steadily towards the regu-lar study of the figure or object in its true and proper space, Holland seemed nevertheless to invest his images with to invest his images with a quality of metaphysical surre-

The London Philharmonic's

Bartók conspectus with Georg Solti continued on Sunday in higher gear, while next door the Takács Quartet began their Bartók cycle. Devotees will be

glad to learn that at the end of

neglected major work.

FESTIVAL HALL

Solti's Bartók

domestic stage to act out their private, unspoken dramas, were they only two naked girls on a ladder, changing a light bulb.

But by degrees such tableanx gave way to the direct working of the figure and the portrait seen simply for itself, though with no lessening of Holland's peculiar intensity in the physical handling of the paint - slow, undemonstrative and insistently methodical. Now, in this latest body of work, at last the human figure has been abandonned in favour of still-life of an almost abstracted simplicity and ambi-guity of form, set up in a vari-ety of consciously theatrical

While it is clear that Holland has moved into a new and dis-tinctive phase in his develop-ment, how clearly it accords with all that has gone before. Here is the same simple space, a stage or arena of sorts seen under the same soft, diffuse light. The actors may be inanimate, but they animate the space no less actively. But, the-atrical and unrepentantly arti-

ficial as these paintings are, with all their related mono-

prints and drawings (more

monoprints at Garton & Co, 39-42 New Bond Street WI, from November 21), their essential subject is not any lit-tle private history but simply the object itself in its stuff and substance and in the space it occupies.

Literary possibilities remain a bonus, but the true subject is now the space itself. It seems at last that Holland has relaxed, for there is in these works an ease and openness that is quite new. The surface is no longer so tight and wor-ried, the arrangement and composition are no longer self-conscious and perhaps a self-conscious and perhaps a little awkward. And these things are seen and painted so well, with a delicacy and light-ness of touch and a sense of freedom that is remarkable – a thread of hine string hangs loosely down close to the pic-ture plane; a fold of ribbon; a twist of metal; a piece of card covered in silver paper, this last a passage of true virtuos-

last a passage of true virtuos-ity. There is no contradiction in any of this, no break with in any of this, no break with the past, but only a development through into creative maturity. This is the best work Harry Holland has yet done. *

John Wonnacott, now at Marlborough Fine Art (6 Albemarie Street W1: until November 18), is another supposedly realist,

indeed photo-realist painter, who recently access to have achieved a significant move forward in his work. The photographic basis of his reference was always clear, most espe-cially in his wide angle view of the world and the forced per-spectives it imposed. But he remained so faithful to his ref-erence for so long that one found oneself wondering, with Gulley Jimson in one of his coarser moments, whether or put it was morth the trouble not it was worth the trouble. Well, the wide-angle remains and with it the large pan-

"Poseidon" by Harry Holland, 1988

itself into summary description and invention. Only in the uniformity of the colour and tone, unerceptionable in themselves, and in some of the physical detail of these extensive beachscapes, does the camera reassert itself by its technical limitations. For the camera can only see so much and feels nothing; the trick is for the art-

oramic scale, hut now the statement is free and generous, the handling truly painterly to the degree that Wonnacott is now more than happy to allow himself to be led by the paint

La Chunga

OLD RED LION

This compelling and sensual production, directed by Keith Hack, designed by Voytek and lit by Gerry Jenkinson - in other words, a first rank team - is another demonstration, if that is what is needed, of the importance in the scheme of things of such pokey, vaguely insalubrious and scandalously under-funded venues as the Old Red Lion, situated hard by

pying a crucial focusing role for the others, the play sud-denly rockets into orbit as a the Angel tube station in feminist, poctically profound Islington. Half a mile up the road, the meditation on repressed sexuality, guilt and experiment. The several bar habitués are drawn in and revealed as a child molester, a homosexual and a bullying rapist, all masquerading behind macho exte-riors. Jack Eiliott's timid Litumo only illustrates the

abused at knife point, rocking herself to oblivion in the cornovelist who once turned down the Prime Ministership of his country, has extracted this bar-room and bedroom fantasia from his early novel La Casa

structed in the North Peruvian city of Piura on the edge of the desert, does not figure in the play. Instead, a tributary loca-tion, La Chunga's bar and restaurant, and a few of its inhabitants, are re-worked to project a concentrated picture of low life in a demoralised gambling and pimping community of 1945.

The mystery of a young girl's disappearance punctu-ates this O'Neillisn scenarlo. The method is one of cross-fades and flashbacks that characterises Llosa's novels and indeed the other play of his we have seen, Kathie and the Hippopotamus, the sexual comedy of a Lima literato. The swaggering Josefino (James Vaughan) sells his girl, Meche, for one night, to the downtrod-den proprietress (Kristin Mil-ward), in order to maintain his

place in the dice game.

Arrau at 85 BARBICAN HALL

From one celebrated score and in his serious, deeply octogenarian to another; it was considered playing the notes Artur Rubinstein who once are weighed to within an ounce of their fullest possible signifilike his playing of Beethoven cance Nowhere was this beard to because they thought it lacked the depth found by the greatest Beethoven pianists of the age. greater effect than in the Adagio. A beautiful singing tone And if he did not mention Claudio Arrau by name, then ran through the whole move-ment; and at the lead-in to the reprise of the main theme Arrau, by broadening the tempo a little and drawing he might just as well have done. For Arrau, now 85 himself, has long enjoyed a pre-emi-nence in this composer's music from the keys their full weight of sonority, raised the sights of the concerto on to a visionary and it was no surprise to find him choosing the Emperor Concerto for his birthday celeplane: a truly Beethovenian greatness of utterance, as Rubinstein would surely have acknowledged if he were still bration concert at the Barbican on Thursday. To suggest that the tally of years has not alive today. It remains to note that each begun to show would be less than truthful, but the impor-tant point is that they do not of the outer movements suf-fered passages of instability, though the planist was always quick to bring matters firmly back under his control. At matter, in both intuitive musicianship and accumulated wisdom, Arrau remains a Beethese moments Colin Davis, himself a weighty and impas-sioned Beethovenian, proved a most diligent accompanist. A shame only that his attentive thoven interpreter of a rare breed. In this performance, with the London Symphony Orchestra under Colin Davis, there were more insights than one might fairly expect. On the page the direction could not also have prevented an entire section of solo part of the Emperor, with the LSO getting lost in the finale, an unexpected lapse in what had until then seemed an

composer's own text is a mysterious fable - nine sons, raised to mountain hunting, are themselves magically transformed into stags, and against their father's pleas they refuse ever to return to a human home - and like any-thing in Hungarian, it resists singable translation: too few

February the Hungarian State Opera and Ballet are bringing his stage triple-bill to Covent Garden, too. And in fact it was a dramatic piece that crowned Solit's concert the Cantata prosyllables, too many accents in awkward places. Nothing daunted Solti's forces, and one would be very lucky to hear the equal of this performance before another decade. The London Philhar-monic Choir outdid themselves fana of 1930, Bartók's most Everything that makes the cantata dramatic is commercially discouraging (warm thanks to the sponsors here, Jackie Rosenfeld and Walter J. Johnson). It is not long, but it in clean, fervent attack, and in workable Hungarian - if not so well polished as the soloists: requires a large, expert orches-tra. The music for double cho-rus is exciting but tough, and Justin Lavender was a brave and effective tenor Stag. Neil Howlett sang movingly as the hereft Father. Solti's masterly account of the score recognised one of the two solo voices must . be a penetrating high tenor, who will risk a difficult, exposed climb to top C. The . the special strength it shares with Bartok's earlier Duke ?

Bluebeard's Castle, which is that all its vivid musical illus-tration serves the psychological subtext as much as the literal fable. Before the cantais we heard

the Divertimento for strings delivered with energetic sym-pathy (for once the solo quartet were properly named in the programme-book), and before that again two works with soloists. Lydia Mordkovitch's soloists, Lydia Mordkovnich's violin was characteristically soft-grained and appealing in the first of the early Two Por-traits. Ideally the Second Plano Concerto wants sharper ensem-ble than it got (below Solit's norm), and steeller fingers than András Schiff's; but Schiff would not be the musician be would not be the musician he is with steelier fingers, and anyway the performance was too lively and idiomatic not to

... David Murray

Armistice Festival

FESTIVAL AND ELIZABETH HALLS

Described as "the first international artistic commeninternational artistic commem-oration of the fallen of the First World War," the Festival began on Saturday with a auperbly chosen programme: composers George Butterworth (killed on the Western Front), Alberic Magnard (died while defending his country house against invading Germans) and Granados (drowned when a torpedo struck his Channel bost). During the next week or so there are to be readings from the literary fallen, several displays and more concerts, including Britten's War Bequiem. All the remaining concerts are certain to be bet-ter than this opening one was.

ter than this opening one was. The trouble lay with Mag-mard's fine, powerful Fourth Symphony, receiving its Brit-ish premiére after 74 years. Justice to the composer requires unpleasing candour: as conductor. Sir Yehudi Mennhin plainly had no idea what to do with the piece. The loud, ill-balanced, inflexible but annihilatingly shapeless

of dancing and local colour: a clever and attractive producclever and altractive produc-tion might make it go down very well. (What about a dou-ble bill with Albéniz's *Pepita Jimenez*?) The disappointing feature of the piece is its sacri-fice of the brightness and transparency of the original solo suite. Gravely over-orches-trated it is not singer-friendly, especially on the concert platform. Upstanding contributions by the other solo voices, Thomas Randle, Brigitte Desnoues and Enrique Baquerizo, were regularly submerged.

The Philharmonia Chorns, too numerous for the occasion, still sounded muffled. One suspected that Rozhdestvensky's amiable stroll through the music might have been tightened to advantage: the spar-king variety of pace which the plano suite boasts made little impression here. Luckly, the original Goyescas and Magnard's Violin Sonate are to be heard in Wednesday's concert

Exignous plot, room for plenty compiler of a new anthology, The Lost Voices of World War The most striking musical item of the evening was the very first; "In Heimat," beautifully sung by tenor Adrian Thomson, composed in 1914 by Rudi Stephan who was a white hope of German music until he died in action in 1915 at the age of 28. It is a setting of words by Richard Dehmel - inspirer of Schoenberg's Verklärte Nacht, and while distilling the early

Schoenbergian harmonic essence, it managed to pre-serve a delicate individuality. Two of Stephan's orchestral works will be played by the Deutsche Kammerphilhar-monie under Heinz Hollger at St Martin in the Fields on

November 11. Of three songs by Hungarian composer Aladár Radó (who died in action in 1914) to words by, surprisingly enough, Rob-ert Louis Stevenson, The "Duel" - given by mezzo-so-prano Anne Howells and baritone Richard Jackson, with a characteristically fine accom

The tiny stage is divided with sumptuous ingenuity

between the sawdust, barrels

and beer bottles of the bar, and

the religious, roseate boudoir

With Irina Brook's meltingly

beautiful Meche, a sexual waif

in and out of a red dress, occu-

other side of the same destruc-tive physical gulf in a no-hope

Meche is encouraged by La

Chunga ("the joke") to escape to Lima before she is sucked

into the whorehouse, the fate of all Josefino's girlfriends.

Where she goes we never know, But La Chunga stays

put, easually beaten up and

ner while the beer flows and

This powerful magnificently

presented slice of Llosa life.

plays in Islingtoo until Novem-ber 27.

Michael Coveney

the dice click.

Catholic environment.

of La Chunga.

AUTON MU Irina Brook



Takács' Bartók

ELIZABETH HALL

In parallel with the series of Bartók programmes that Georg Solti is conducting at present with the London Philharmonic the Takacs Quartet is giving three recitals in the Elizabeth Hall that will include all six of Bartók's string quartets. The first, Sunday afternoon, brought the First and Fourth.

In these works the Takacs' performances virtually recommend themselves. Ever since the quartet first appeared in western Europe, its surpassing quality has been praised on this page, and these quartets by its fellow countryman have always been at the core of its achievement. Here the Takács account of the First Quartet was if anything the more remarkable, as much for the sovereign control of line and

movement's shape as for the immaculate rendering of every texture and the infallible focus on detail. The work's delicate fusion of infinences from late Beethoven and Debussy rarely seems hoth convincing or enticing, and at the same time

lected 70 or more years ago now are, and how far its some groups might make the Fourth seem wilder, and drive it with more atavistic violence arrangements have been standardised for concert perfor-mance, I cannot judge. But these exuberant artists than the Takacs. But it does not often cohere so readily or transfer its thematic unity so instrumentalists, a singer and a dancer - certainly preserved enough raw energy to suggest that Bartok's use of this matecomprehensively into every particle of its organisation. Every flickering detail, each rial carried with it an imperaharmonic or wisp of ponticello playing was placed to perfec-tion, and the extreme technical tive to be modern, and that the worlds of the ethnomusicologist and the expressionist com-poser would inevitably collide. demands were almost noncha-Andrew Clements

but annihilatingly shapeless performance we heard might have convinced anybody that the symphony is just museum-bait, rebarbative and incoherent. Fortunately, there is a recent EMI recording by the excellent Michel Plasson to These superlative perfor-mances were separated by an appearance by the Jandsi Ensemble, a group dedicated to Hungary's folk-music heritage.

prove otherwise. Rarlier, Menuhin had led the Philharmonia in a careful, ten-How "authentic" its versions of the melodies and songs that der account of Butterworth's A Stropshire Lad, Gennadi Rozh-destvensky took the podium Bartók so painstakingly colafter the interval for what was apparently - and astonish-ingly - the first British performance of the opera Granados made from his piano suite Goy-escus. One would like to report that it disproved its textbook reputation as being too wispy for the stage, but despite Jill Gomez's idiomatic and beautiful singing as the romantic heroine one wasn't quite per-staded.

The opera plays continuously, though not very urgently, for close to an hour.

Opera. Der Nussknacker is cho-reographed by the new ballet director Youri Vamos. Norma is revived with a star cast led

by Rosalind Plowright, Florence Quivar and Lando Bartolini, and

Graham Vick's successful pro-duction of Don Pasquale with Rolando Paneral, Barbara Bon-

Opera. Salome convinces thanks to Karan Armstrong, brilliant

in the title role. Also offered are

Donnöschen, choreographed by Marcia Hydes and Die Ent-führung aus dem Serall with Yasako Kozaki, Rudiger Woblers,

Heinz Gobrig and Carsten H.

ney and Bruno Practico.

Stuttgert

Frankfurt

IN THE paniment from Mr Johnson David Murray

made a strong impression: it was proto-Brittenish, just as The ambitious Armistice the programme-note indicated. Three of George Butterworth's folksong-saturated, lightly but Festival continued on Sunday evening with a programme given at the Queen Elizabeth Hall by the Songmakers' Alma-pac. All the spoken words -for it is the Songmakers' trade-mark to intermers song with tellingly accompanied settings were done, including the plain-tive, other-worldly *Lopeliest* of mark to intersperse songs with readings – were, as the pro-gramme poignantly informed us, by writers "American, Czech, English, French, Ger-Trees to words by A.E. Houseman James Wilby, star of the film man, Irish, Italian, Scottish" who did not survive the First World War, and many of the sung words were too, such as those by Jean de La Ville de Mirmont (set by Fauré) and Guillaume Apollinaire (set by Poulenc). It was a cleverly

Manrice, read with a taking enthusiasm. We had a whole little story - "A Conversation with the Devil" - by La Ville de Mirmont between two of Fauré's L'Horizon chimérique songs based on the former's poems. The excerpts from Alan Seeger, August Stramm and Charles Hamilton Soriey were arranged and very varied pro-gramme reflecting the com-bined planning skills of Song-makers' planist and guiding of sharp note, and the readings from letters by Rupert Brooke were all the more vivid for the physical resemblance which Mr Wilby bears to the poet. spirit, Graham Johnson, and Tim Cross, organiser of the Armistice Festival and the

Paul Driver

November 4-10

its lengthy passages of arpeg-gio figurations, can look unin-teresting and, indeed, often sounds so. But Arrau knows well how to draw a latent evening of intense concentration. expressive power from the

Richard Fairman

SALEROOM

Big price for miniature

An extraordinary record price for a miniature of £352,000 was paid at Christie's yesterday for a 54mm high portrait of George Washington, wearing his gen-eral's uniform, painted by John Ramage. It was bought by the Alexander Gallery of New York. The previous auction best for a miniature was £82,500, paid at Sotheby's in 1980 for a Nicholas Hilliard

portrait of a young girl. Christie's had put a cautious £25,000 top estimate on the miniature but two American bidders kept the price rising to the stratosphere. It is a well documented object, with Washington noting in his diary that he sat for it in 1789 as a present for his wife. It is also in excellent condition.

Not surprisingly there was a record total for an auction of miniatures of £559,884, with 6 per cent unsold. A pair of portraits, 203mm high, of George 5th Duke of Gordon and his wife, by the 19th century artist William Essex, beat their top estimate at £16,500 while a miniature by Plerre Bouvier of the Empress Josephine realised £14,800, as did a portrait of

pretty Miss Sophia Plowden by John Smart. Two Kakiemon jars and covers, sent via a photograph to Sotheby's in London from Paris, made exceptional prices of £165,000 and £33,500 to a Japanese dealer yesterday in an auction of Japanese works of

art. They were recognised to date from around 1675. Bonhams in Chelsea was disposing of over 200 paintings by the Spanish artist Miguel Canals, famous for his copies of the Old Masters and top Impressionists. They all sold. The best price, ironically, was £3,300 paid for a pretty still life which was an original by Canals: its top estimate was £500. "The Ballerina." after Degas, sold for £3,020 (top esti-

mate £300) and "Fiances" in the style of Chagall also far exceeded estimate at £2,090. There seems to be tremendous interest in prints at the moment, at least in New York. A Japanese dealer at Sotheby's paid a record £153,118 over the

Antony Thorncroft

weekend for a print by Jasper

Johns,

ARTS GUIDE

OPERA AND BALLET

soyal Opera, Covent Garden, the company has taken over from Scottish Opera Nuria Espert's wonderfully freeh pro-duction, in Exic Frigeric's mar-vallous sets, of Madama Butter-fly. Catherine Maliftano, Arthur Davies, and Jonathan Summers take the leading roles, and Mich-ael Schoenwandt conducts. Royal Opera, Covent Garden

Vienna

State Opera. In repertory: Tosca conducted by Garcia Navarro with Gwyneth Jones. Die Pup-penfee and Tana Schules con-ducted by Artur Koenig with Mara Zampieri. Macbeth con-Mara Zampieri. Mactein corr ducted by Latham Koenig, with Mara Zampieri. Die Verkauffe Braut conducted by Niksa Bar-eza, with Joanna Borowska, Thomas Moser, Wilfried Gahmlich. La Traviate conducted Daysonneeri with Sona by Elio Boncompegni, with Sona Ghazarian. Die Zauberflöte con-ducted by Nikolaus Harmoncourt,

THE

with Luciana Serra, Patricia Schuman, Ewa Lind, Uwe Heil-man and Manfred Hemm.

lantly met.

Paris Opers. Gahriele d'Annunzio's Martyrdom of Saint Sebastian, a mystical creation taking place in five mansions to Debusy's music, beautifully lit and staged, reaching its climax in the fifth mansion a garden of light (474 mansion, a garden of light. (474 25871).

Berlin

Dentsche Oper. Der fliegende Holländer features Sabine Hass/ Janis Martin, Bengt Rundgren, Gerd Rrennets, Rundgre Wohlers/ Uwe Peper and Kaja Borris, Der Troubader conducted by Stefan Soltes: bes fine intermetations Solites: has fine interpretation by Sharon Sweet, Ruth Hesse and Viktor von Halem. Fidelie in Jean-Pierre Ponnelle's produc-tion returns with a new cast led by Sabine Hass, Barbera Vogel/ Carol Malone, Gerd Feldhoff,

Opera. Rigoletto has Wasili Jano-lako outstanding in the title role, Janice Hall (Gilda) and Juan Noveras (flerzog). Also in reper-tory: Ein Sommernachtstraum with Paul Esswood (Oberon). Opera. There was much applause for Rigoletto, when it opened with John Rawnsley in the title and a lively revival of Die Frau ohne Schatten. role, Anne Dawson as Gilda and

Spas Wenkoff/Gerd Brenneis and Victor von Hahem. Zar und Zimmerman is a well done reper-toire performance. Notre-Dame de Paries, choreographad by Boland Petit with costumes by Yves Saint-Laurent, will have

Staatsoper. Cav and Pag is the highlight of the week with Gal-ine Savova, Hildegard Hartwig, Vasile Moldovenu, Natalia Troitskaya, Władimir Atlantow

and Piero Cappuccilli, Domrös-chen is choreographed by John

its premiere this week.

Hamburg

NEUmeler.

Cologne

tions

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s Wenkoff/Gerd Brennals

8th-10th November 1988 ACCOUNTANTS' EXHIBITION Barbican, London EC2 Tue 8 Nov: 1000-1800 Wed 9 Nov: 1000-1930 Entry Free with Business Card. OPENS TODAY Thur 10 Nov: 1000-1700 Details: 01-749 9535



Silvano Carroli, Giovanna Casolla, Agostino Ferrin, Salva-tore Fisichella and Carmen Gon-zales, conducted by Nello Santi. Franco Shamir. Dido und Asness (Thurs, Sun, Tues.) (548.000) Teatro Dell'Opera, season opens with Flippo Sanjust's production of Donizett's Polluto which has not been performed in Italy since Maria Callas sang in a different, but highly successful versioo at La Scala in 1960. This revised

Turin

version by William Ashbrook and Federico Agostinelli is conducted by Jan Latham-Koenig, with an excellent cast led by Renato Bruson, Elizabeth Con-nell and Nicola Martinucci (Tues) (46.17.65)

is sung by Glenys Linos and Val-entin Jar. Il Barbiere di Siviglia has a new cast led by Marianne Rorholm, Michal Shamir, Raoul New York Metropolitan Opera, the season'e premiere of the double bill of Pranco Zeffirelli'e productions of Cavalleria Rusticana and Pag-liacoi features Bruno Pola as Alfio, Ghena Dimitrova as San-Gimenez and Bodo Schwanbeck William Forsythe's Ballet Impressing the Czar closes the Amsterdam

tuzzi and Ermanno Mauro sing-ing Turiddu in Cavalleria Rusti-cans and Bons Tokody as Nedda cana and long Tokony as Nedda and Ermanno Masuroas as Canio in Pagliacci. The week also includes II Barbiere di Siviglia with Kathleen Battle as Rosina with Kathleen Battle as Rosina with Kathleen Battle as Rosina and Lucia di Lammermoor con-ducted by Edcardo Muller. Opera House, Lincola Coates (2000) House, Lincoln Center (362 6000).

Washington

Washington Opera, Placido Dom ingo opens the seventh company season with Tosca in Gian Carlo Menotil's productioo conducted by Rafael Pruhbeck de Burgos with Andriane Morelli as Floria and Justino Diaz as Baroo Scarpia. Opera House, Rennedy Cen-ter (254 3770).

Chicago

Lyric Opera, Ingvar Wixell has the title role in Jean Plerre Pon-nelle's production of Falstaff. which features Marilyn Horne as Dame Quickly, Jerry Hadley as Fenton and Wolfgang Brendel as Ford, with James Conloo con-ducting, Samuel Ramey takes the title role as Don Giovanni in Jean Pierre Ponnelle's production conducted by Semvon Bychkov, with Carol Vaness as Donna Anna and Karita Mattila as Donna Elvira, Civic Opera House (3322244).

Netherlands Opera co-production with the English National Opera of Mozart's Magic Flute (in Ger-man) directed by Nicholas Hyt-ber. The Netherlands Philhap-Teatro Regio, Sylvano Bussotti's production of Ponchielli's La Gioconda opens the winter sea-son, with Bruna Baglioni, alter-nating with Maria Luisanave,

monic is conducted by Donald Runnieles, with Hans Peter Bol-chwitz, Dawn Upshaw, Petteri Salomaa, Amanda Halgrimsoo and Erich Knodt (Tue, Thur) (255 455)

FINANCIAL TIMES

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Tuesday November 8 1988

The future of broadcasting

THE THATCHER Government's plans for broad casting legislation are set out neither in a White Paper nor Green one, hut in a paper with a white and grey cover, with a little black and red as well. This mixture corresponds to the first impression the document makes.

18

The general principle that the viewer and listener should have greater choice through a multiplicity of channels, pro-gramme types, and methods of payment deserves a welcome. he case for a free consumerdriven market is greater in broadcasting than in baked beans or packaged holidays precisely because it involves freedom of expression and artistic creation.

The allocation of commercial broadcasting channels hy com-petitive tender is entirely justified, both on efficiency grounds and even more for bringing an element of due process in what has been a purely arhitrary cboice by the Independent Broadcasting Authority.

The government paper wisely accepts the need for common standards for subscription, satellite and cable viewing, so that the viewer is not bemused by incompatible equipment. Another good aspect is the listing of three options whereby Channel 4 can retain its remit to complement other channels, while freeing it from dependence on the main commercial networks.

The broadcasting debate has been befuddled by the belief that the object is to produce good hroadcasting as defined by broadcasters. One might as well say that the object of pub-lishing was to produce books that appealed to booksellers or authors. Any service that can be sold at a profit under com-petitive conditions is prima facie a public service.

Shortage fades

The original argument for a public broadcasting policy was spectrum shortage. This is now fading with the technical possibility of so many more channels. Another argument is that the viewer and listener do not pay directly in an advertisingfinanced market, as they do when they go into Marks and Spencers or buy theatre tickfavour of mass market programmes compared with the mix that viewers would choose

if they could purchase directly. The advent of pay TV now weakens this objection. But the Government has lost its major opportunity for encouraging lirect payment in the comme cial sector by leaving it to those who win the franchises for the new Channel 5 to decide on their own form of

Mixture needed

finance.

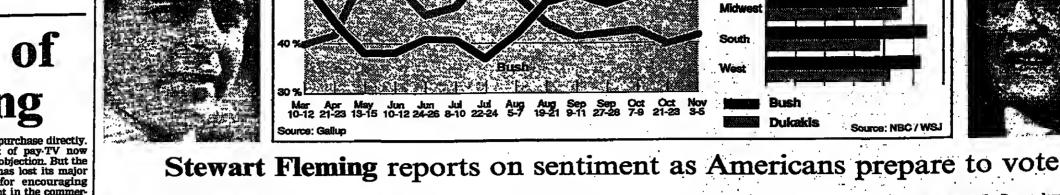
A third argument for intervention is what economists call the "public goods problem". That is, extra viewers and lis-teners can be supplied at no additional cost. These arguments justify a mixture of advertising, pay-tv and some taxpayer finance provision as well

It is doubtful if the Govern ment has got the mixture right. It is pushing the BBC further and faster towards subscription than even the Pea-cock Committee advocated. Yet when Peacock reported the possibility of further terrestrial channels bad still not been admitted and the BBC seemed the most promising route to

introduce pay television for those without satellite dishes. Another example of one-si dedness is the decision to post pone until 1996, when the BBC Charter comes up for renewal, the Peacock idea of an Arts Council of the Air - a non-cen-sorious form of supplementing the market with arts and

minority programmes. In general, there are too many elements of censorship to arouse enthusiasm. Not only has the Peacock recommendation of safeguards for free speecb been rejected. We have also the extremely unfortunate Broadcasting Standards Council to tell adults what they can safely watch. And when faced with a transmission of satellite programmes it does not like, the Government talks about a

new offence of "advertising on, or providing goods and ser-vices to sustain, a satellite ser-vice which the Government had previously identified in a statutory instrument – after notification by the monitoring body - as having consistently failed to observe the necessary



National poll

60 %

or the first time since John F. Kennedy won a razor-thin vic-tory over Richard Nixon in 1960, the man whom Americans will choose today to be their next President will succeed to an office whose prestige and influence has been enhanced, not diminished, by the leader elected before him. It may well be the case, as many

Democrats maintain and Republicans fear, that Mr Reagan's rich legacy will turn out to be a poisoned chalice. But unlike Presidents Johnson, Nixon and Carter before him, he is destined to leave office cocooned in a warm glow of public esteem and affection.

"Four more years" the students at Notre Dame University chanted last week during a fleeting visit hy Vice President George Bush. Nostalgia for the Reagan era is already a palpable force around the country. For the noment it is working in Mr Bush's favour. Soon, his aides fear, it will begin to work against him. But before either of the two con-

tenders, 64-year-old Vice President George Bush and Michael Dukakis, the 55-year-old Democratic Governor of Massachusetts, has set foot in the Oval Office, both have hegun to squander the more powerful presi-dency that Mr Reagan has given to

The 1988 election campaign may not go down as the dirtiest in history. During their respective election campaigns Theodore Roosevelt was accused of being a crazed drug addict, and Abraham Lincoin of being a bastard and father of a millionaire war profiteer

But in those days, the vast power of television had not been harnessed to the task of character assassination the charge which the Bush and Dukakis campaigns either confess to or boast about, depending on whom you talk to and when you catch them.

It is no wonder that the American public has found this spectacle insult-ing. No surprise either that the electorate is ready to take vengeance on the victor hy denying him the support and affection without which, as Mr Reagan learnt to his cost during the Iran/Contra affair, even a once popu-lar president is paralysed.

A year ago, as the 1988 presidential election campaign began to move into high gear and the candidates prepared to compete in the primary elections through which the two parties select minimum programme stan-dards." This is bardly a clarion their champions, hopes were high. Americans believed that the quadrencall to believers in free choice, Азапе letter of the new document hut have very mixed feelings about nial rite of political renewal which was almost upon them would lift their spirits - as presidential elections are supposed to. These hopes have been dashed. Political analysis expect the turnout of voters in today's election to be the lowest for a generation. Millions of Americans will dutifully cast their votes - out of a sense of civic respon-shility rather than enthusiasm for the candidates - and millions more, New look for Observer North West

As Eddie Shah launches his

The paper was launched in

morning in Britain for more

to appeal to advertisers and generate the circulation reve-

nue for survival. In the last

capital. He may have found

There will be a relaunch on

few days Roger Bowes, the chief executive, has been looking for a white knight to help with £250,000 of working



How they have fared in the opinion polis

By region

Percent 0

East

Michwe

South

Wes

Ruch Dukakis

who feel they ought to join the ballot, will stay at home. It is ironic that the 1988 presidential election campaign should have degenerated to the point where voters are saying - by more than two to one - that they wish they had a better choice. While it is true that neither Mr

Bush nor Mr Dukakis is an inspiring or charismatic politician, hoth are committed and honourable public servants with reputations for personal integrity. Neither can enjoy the sort of campaigns they are running, not least hecause of the damage it is doing to their own political standing. Moreover, although many Americans seem to have convinced them-selves they are voting for a continua-tion of the tranquil political

While neither Mr Bush nor Mr Dukakis is an inspiring or charismatic politician, both are public servants with reputations for personal integrity

environment that exists today, many more feel that the stakes are high this year and that in a time of change their country faces formidable chal-

lenges at home and abroad. It has been evident - at least since the Democrats regained control of the Senate in the mid-term elections in 1986 - that the nation's priorities have shifted. Two of the priorities Mr Reagan set when he defeated Presi-dent Jimmy Carter in 1980 - dimin-ishing the role of government and huilding up America's military defences – have been overtaken by events. Public support for the third – lower taxes - is tempered by the sus-picion that this goal is a chimera.

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must be reduced at a time when spending on some existing pro-grammes, Medicare and the military for example, is spiralling out of con-trol. The Pentagon's hudget plans face draconian cuts of \$200bn.300bn, now that the importance attached to increasing the US'a military security has been superseded by the higher priority of the nation's economic secu-

rity. These battles will be fought before the audience of the financial markets, nervously watching for backsliding on the US's commitment to fiscal discipline or a failure by the Federal Reserve to walk the narrow line

between inflation and recession. Abroad too, the US is at a turning point, weakened by its dependence on foreign capital and facing relatively stronger allies and competitors. The new President must find a way for the country to continue leadership in the Western alliance at a time of dramatic change in the communist world.

How is it that at such a juncture neither presidential candidate has presented the voters with a convinc-ing strategy for addressing these broad challenges?

Part of the answer to this question. is that in an election year Mr Reagan has handed his Republican Party a legacy which, in narrowly partisan terms, he can be proud of -a sixth successive year of economic expan-sion and moderate inflation at home, and reduced tensions abroad.

"Americans figure: why not play it safe, things are going reasonably well, why not stick with the devil we know?" says Mr Thomas Mann, Direc-tor of Governmental Studies at the Brookings Institution, a Washington think-tank

Another factor preventing the 1988 presidential election turning on a debate about the nation's future is the

decided that a strong element of their election strategies should be negative attacks on their opponent. This is the third reason why the election debate has not focused on the US's future. At. their convention, seeking to capitalise on Mr Bush's unpopularity, the Democrais ridiculed him as a child of privi-lege - an inept politician who had played no role in Mr Reagan's successes and was dodging responsibility for the Reagan Administration's failures. "Where was George?" chanted

the delegates. The Bush campaign's attack was cleverer and more effective, not least because the high-minded and stub-born Mr Dukakis refused initially to respond to it, while his advisers failed to see the political significance of their commonstations. their opponents' strategy. Both fail-ures have raised legitimate doubts about Mr Dukakis's political instincts and the depth of his sensitivity to the issues on which ordinary Americans

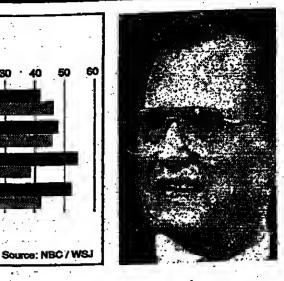
respond. Mr Bush's experienced team of advisers, men such as Mr James Baker and Mr Roger Ailes who have been through three or four presidential election campaigns, carefully plotted a strategy to portray Mr Dukakis as a 1970s left-wing radical who is outside the "political mainstream".

Using television advertisements and daily campaign events choreo-

graphed to provide the television networks with 30 second "sound hites", they were able to manipulate symbols such as the Pledge of Allegiance to the US flag, Mr Dukakis's record on the US hag, Mr Dukaks's record on prison leave policy and his stance on military issnes to portray him as unpatriotic, soft on defence and crime. It was a message which, the polls show, hit home. Towards the end of the campaign, the Bush team had intended to shift

to a more positive message. But the negative campaigning worked so well that they could never quite agree to would be a close race. Instead they settled on a mixture of positive and negative messages. Inevitably, the lat-ter dominated the headlines - not least because, like Mr Dukakis, Mr Bush was not prepared to be specific on how he intended to tackle the issues thrown up by the forthcoming reordering of national priorities. The failure of the election debate to

FINANCIAL TIMES TUESDAY NOVEMBER 8 1988



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elements: the Reagan legacy, the cam-paign tactics and the weaknesses of the candidates. But there is enother important factor: the amhivalent mood of the electorate.

Both Mr Bush and Mr Dukakis have reflected this on the campaign trail. Mr Bush aims to be the successor to arguahly the most ideological US President in modern history - one President in modern history - one committed, in word if not always in deed, to "getting government off the backs of the American people." Despite this legacy, Mr Bush has cau-tiously embraced concepts and initia-tives on environmental and social issues that require the government become more active.

Mr Dukakis, for his part, has been careful not to assnme that the demand which is building np amongst working Americans for more gener-ous health insurance, better schools and increased government aid for col-lege tuition fees implies a willingness to pay for these initiatives with higher taxes.

In 1960, in a younger, less cynical, more optimistic US, Senator Kennedy was able to rally voters behind a clar-ion call to get the country moving forward again. Today political ana-lysts are debating the significance of

The campaign has

degenerated to the point where voters are saying - by more than two to one - that they wish

they had a better choice

the fact that negativism, not idealism, has set the tone of this year's presidential election.

Even Senator Bentsen, the Massa chusetts Governor's running mate sounds pessimistic on this score. He conceded on Sunday that whichever candidate wins today. he will not have a mandate for legislative action. Instead, if Mr Bush wins by a narrow margin and the Democrats succeed in retaining control of the Senate and the Congress, the leaders on Capitol Hill will be insisting that the new sident pay close attention to their demands.

If this is the outcome - and despite Mr Dukakis's late surge it is the most

Stalemate in the **Gulf peace talks**

THE UNITED NATIONS talks on ending the Iran-Iraq war, which resumed in Geneva last week, are slowly coming to resemble the conflict itself.

More than three months after the shooting stopped and two months after the negotiations began, the two countries' Foreign Ministers are hogged down in a futile argument about how to turn their armed truce into a more lasting settlemcnt.

What is worse, the foreign powers which collaborated so successfully to hring about the ceasefire appear to be losing interest in consolidating the peace. It is true that the Iranians are too exhausted and the Iraqis too relieved to go back to war in the near future. But in letting things drift, the international community may be storing up significant trou-ble for itself and the region.

The ceasefire ltself remains unstable. At some points along the front, the two armies are only 10 metres apart, and there have been numerous incidents between them since a formal truce took effect on August 20. Iraq continues to occupy some 10,000 square kilometres of Iranian territory, a presence which will constitute a permanent irritant for Tehran and which might one day provide it with another casus belli. As Mr Javier Perez de Cuellar, the UN Secretary General, points out, there is thus a pressing need for a withdrawal of forces to the international frontler in accordance with Security Council resolution 598, which is the basis for the present negotiations.

Resisting measures

The trouble is that Iraq is holding any such disengagement bostage to the wider negotiations on ending the war, and in particular to the centuries-old horder dispute over the Shatt al-Arah waterway. Iraq is resisting further measures to shore up the ceasefire until Iran agrees to early moves to clear the Shatt of its accumulated silt and war dehris. Iran says it will agree to a dredging operation pro-vided it takes place within the

framework of the 1975 Algiers accord, which gave Iran and Iraq shared sovereignty over the waterway but which Iraq maintains is null and void

some o

The Shatt constitutes Iraq's only ontlet to the Gulf. Bagh dad is bound to feel aggrieved that its port of Basra remains closed while Iran has been able to take advantage of the cease-fire to hoost trade from its but the waterway's real signifi-cance is as a symbol of the continuing suspicion between the two helligerents and oil their struggle to save face

Treaty reinstatement

Iran knows it has the hroad backing of the international community in insisting that the 1975 treaty remains the only viable delineation of their common border. President Sad-dam Hussein of Iraq, for his part, likes to pretend that he almost won the war. Having torn up the Algiers accord when be invaded Iran in 1980, be is in no mood to accept the

short-term advantage in this way, Iraq may be creating Ver-sailles-style resentments which could erupt again in the longer term into war. The whole point about this year's events is that they created neither victor nor vanquished. Iraq was able to beat off the Iranian threat partly because of the consider-able help it received from an ad hoc alliance of foreign pow-ers including the US. France and the Soviet Union. It badly needs to get on with recon struction, which cannot begin in earnest until the fear of renewed conflict evaporates.

treaty's reinstatement now. By seeking to exploit its

Thursday, piggy-backing on Shah's publicity, though the Shan's publicity, indugin the readers the two papers are chasing are very different. This time, instead of a TV and poster advertising campaign, the North West Times is going for a targetted free distribution to 800,000 ABC1 homes in the maior — or rather 100.000 a region - or rather 100,000 a day for eight days to Novemeb 21. Each of these free copies will have a full-colour wrap round announcing a five-week competition offering free Brit-

ish Airways flights as prizes and tied to Manchester Air-Resolution 598 commits the Security Council to continuing port's growing international involvement in securing its route network. implementation. But so far, there has been no sign of a concerted effort to break the Culture shock logjam in the negotiations by Hyperinflation and the afterputting these arguments force-fully to Iraq. Without such an math of a devastating hurricane notwithstanding, not all is gloom and doom in Nicaraattempt, and an increased sense of urgency in Mr Perez de Cuellar's mediation, the old gua. At the weekend, the capital's residents forgot their hostility between the two powwoes and immersed themselves in the country's annual song erful Gulf neighboars can only

continue to fester.

Congress will be plunged straight into a political maelstrom. The battle over the nation's priorities will open in January 1989 with the presentation of the 1990 Federal budget. The budget law will require some \$50bn (£28.4bn) to be cut from a Federal deficit that hit \$155bn last year and shows no signs of declining. This will have to be achieved in the

midst of demands for new spending on education, social services and -

eakness of both cand

In the summer, when Mr Dukakis was enjoying a 16 point lead in presi-dential preference polls, Mr Bush's advisers made a startling discovery. Their candidate was more unpopular than any presidential aspirant had been since modern polling techniques began, while the little-known Mr Dukakis was receiving overwhelming

Both campaigns drew the same con-clusion from these poll results. They

focus on the country's future can thus be attributed in large part to three

will, in many cases quite consciously, have chosen to put the Republicans in the White House and the Democrats in charge of the Senate. This is a recipe for conflict, but not necessarily for disaster. It may even be the best way to tackle the country's problems. In this election, both candidates are pragmatists, not ideologues - and that fact alone is the most optimistic conclusion to emerge from a dull, dirty campaign.

new paper, The Post, on Thurs-day from his base in Warringcontest "Gaston 88". The winner goes on to represent Nica-ragua in the Latin American ton, he might cast a worried look towards Manchester, where Britain's other fledgling equivalent of the Eurovision new daily, the North West Times, is not finding life easy. song contest.

In order to upgrade the event, established foreign art-ists are invited to entertain September with only £2.1m of capital as the first provincial in the slots between the locals. One of the foreign artists was the glamorous Bulgarian singer, Cristina Dimitrova, who moved sinuously across than a century. It thought it saw a gap left hy the Guardian saw a gap let hy the Guardian going national nearly 30 years ago. Initial sales looked good, but the paper's managers finally admitted yesterday that they are now at only 25,000. It needs another 20,000 a day the stage in black tights and mini-skirt and had everyone eating out of her hand. She then disconcerted the San-dinista officials in the front row by singing very loud in English: "I like to be in Amer-ica."

> Looking better A portrait of Gerhard Stoltenberg, the West German Finance Minister, will be presented at a small gathering at the Ministry's barrack-like headquarters in Bonn today. Commissioned by a group of his friends, it was painted over the past six months by Ernst Guenter Hansing, an artist from Stoltenberg's home city of Kiel who specialises in somewhat apocalyptic portray-als of politicians. The picture shows Stolten-

berg puffing on a cigarette, surrounded by a mass of ultra-marine blue triangles, which the financially initiated could perhaps identify as representa-tions of the country's budget deficit. No-one seems quite sure what to do with it, but even Stoltenberg admitted yes terday that his fortunes are looking up - what with the por-trait and the revival of the economy.

Soviet Blimps

Apart from one minor quibble, this year's Reith lectures



to know how much money you've got hidden under your mattress

look like being the best for years. The subject is Author-ity, Culture and Community in the Soviet Union and the lectures are given by Profess Geoffrey Hosking of London

Hosking begins by quoting one of the many protest letters in Pravda, protesting against change. It runs in part: "I can-not be silent! Look at what is going on around us...At an Estonian song contest a half-naked singer cavorts about with a cross round his neck, and this on televisiont... In Armenia there are strikes- people skiving without any reason. Where is the law? Why is it silent? And why are those responsible for law enforcement inactive?"

The letter was signed "member of the Communist Party since 1945, Sverdlovsk". Hosking said that that was roughly the Soviet equivalent of "Out-raged, Tunbridge Wells". The

very minor quibble is that the writer from Tunbridge Wells surely used to be called "Disgusted". Hosking, born in 1942, is perhaps too young to remember.

For the rest, however, the first lecture is a formidable critique of the problems facing President Gorbachev in his attempts at reform. There is a tacit social contract in the Soviet Union, says Hosking, based on the formula: "They pretend to pay us, and we pre-tend to work." Most of the peo-ple will only support reform if Gorbachev can be seen to be offering something better in its place, and they do not believe that he has yet made

the breakthrough. Still, Hosking is not pessi-mistic. The first of his lectures is on BBC Radio 4 this evening and the series promises to be tantalising to the end.

Lawson's lapse ■ One of the perannial puzzles about relations between gov-ernment and the media is that nobody ever seems to learn. It is entirely reasonable for Chancellor Lawson - indeed

for any Chancellor, left, right or centre – to suggest that benefits to pensioners should go to those most in need of them. Yet to say it in an unat-tributable briefing to journal-ists whom it is perfectly clear the Chancellor does not trust to get it right, and who are themselves tied by an absurd convention of not saying pre-cisely where the story came from, is bound to lead to trou-

ble. And it has If Harold Wilson as Prime Minister had behaved like that, and he did, Lawson - as jour-nalist - would have been among the first to criticise_ him. This time the Chancellor has rounded on the journalists Lawson, of all people, should have known better.

Foul fare Graffito in a Lambeth café: "Egon Ronay wept here."



YOUR PARTNER

IN PROPERTY

Letters

Market forces and regional policy

From Professor J.C. Sham. Sir, Scottish Financial Enterprise has urged that the Elders IXL bid for Scottish and Newcastle be referred to the Monopolies and Mergers Commission (MMC) because of anyieties about its regional implications. These regional issues

are of concern not just to Scot-land, but to the whole UK. It is now widely accepted that exposure to free market competition is an effective spur to enhanced economic perfor-mance, and that protection from competition will lead to decline. In this particular case, Lex wrote of the Boyal Bank of Scotland (October 27) that it would only "become smaller" and smaller" if it chung to a "Little Scotland ticket".

No one in the Scottish finan-cial community carries a "Lit-tle Scotland ticket". Professional status as world class financial players has been won imancial players has been won by confronting international competition from financial cen-tres much bigger than Edin-hurgh, Glasgow, Dundee, or Aberdeen. These world class players lead husinesses which are growing, creating employ-ment and opportunity. They

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Charity is a flexible friend

From Ms Usha Prashar, Sir, Michael Prowse (October 31) offers an excellent analysis of the current debate on char-ity, but a couple of points warrant a comment.

Rather than promoting a etatutory commission to "supervise" non-charitable volsuggests, the National Council untary organisations, as he

provide role models as well as evidence of the professional and personal satisfactions and personal satisfactions available in this region for young people of falent. They contribute civic and commu-nity leadership, encouraging and enhancing the whole regional environment.

The association between regional development and the strength of local financial institutions is a close one. Businessmen in Scotland enjoy rapid decision-making from locally-based banks and investing institutions, and acknowl-edge the advantages of a com-plete, integrated range of financial services on their doorstep. So why all the fuss about

S&N? Because of clear evi-dence that the local financial services sector suffers direct. loss - and consequent contrac-tion - following external take-over of local companies.

Surviving, regionally-based, non-financial husinesses suffer loss of service from contraction of the local financial sector.

So the loss of local business heroes weakens the regional community both directly and indirectly. The national distribution of economic activity and of professional opportunity are both of fundamental impor-tance to the well-being of the regions. Concern expressed over other bids for regionally-based companies - Pilkington, for example, and Rowntree -shows how widely and deeply these anxieties are felt. So does the recently published Confed-eration of British Industry (CBI) survey on business-mens's attitudes to non-UK

We believe that reference to the MMC of the Elders IXL hid takenvers. for S&N is needed. It would provide an opportunity for careful analysis of the impact. on regional and national inter-ests of such bids – and for The extent to which market forces are centralist in their effect has become clear. The Prime Minister's unequivocal rejection of European centralisconsideration of the changes we need to satisfy these interation is not yet associated with any equivalent commitment to moderating the centralising pressures so evident within the ests. John C. Shaw, Scottish Financial Enterprise, UK. International financial PO Box 183 markets take no cognisance of regional concerns. Even a 91 George Street, Edinburgh. Scotland regional component of the

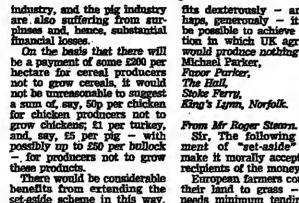
The set-aside scheme could usefully be extended

From Mr Michael Parker. Sir, I see in the Financial Times (October 26) that the Minister of Agriculture is reported as being satisfied with the response to the cereal set-aside scheme. He considers it a success, in that it will set-aside some 220,000 acres of otherwise productive land at a cost of only about fiim per annum to European tax payers, thus reducing the grain surplus. It seems only reasonable

that in a democratic society -and in accordance with the principles of the Treaty of - for producers not to grow these products. There would be considerable there would be considerable benefits from extending the set-aside scheme in this way. Less feed grain would be required to feed livestock not being produced; an even greater acreage of cereals could be enrolled into the already successful cereal Rome regarding unfair treat-ment of one sector of agriculture compared to another - a similar set-aside echeme should be set up for other parts already successful cereal

Dela

to find.



fits dexterously - and, per-haps, generously - it should be possible to achieve a situation in which UK agriculture would produce nothing at all. Michael Parker, Favor Parker,

King's Lynn, Norfolk.

Sir, The following refine-ment of "set-aside" might make it morally acceptable to

recipients of the money. European farmers could sow their land to grass - which needs minimum tending. The grass would build fertility, ready for the time when the land will again be urgently needed. Meanwhile the farmers and their staff could plant trees in the Sahara.

scheme. By adjusting the bene-No work could be more OK, OK, I PROMISE NEVER TO REFER TO YOU AS OLD BAGSHAW AGAIN, NOW PLEASE PASS OUT THE PAPERS-I'M DUE IN COURT IN ANA THREE MINUTES 正正 BB OMENANKINS'

worthwhile. The trees would remove CO2 from the atmo-sphere, thus counteracting the greenhouse effect. The resulting forests would modify the climate, increasing the rainfall over northern Africa, thus reducing drought and famine, becoming a valuable resource for future generations. The Sahara is comparatively andy: one and a half hours by

to merger policy than competi-

jet is reasonable; some Austra-lian and Canadian farmers take longer than that to drive to their farms. The work would suit agricultural skills. And the scheme would be flexible: a farm could he put down to grass for any number of years, and the scheme down to grass for any number of years, and returned to arable at short notice. Roger Stearn.

Rookyard Farm, Old Newton, Stowmarket, Suffolk.

Envy is blind

From Mr Keith McDowall, Sir, in "The powerful impor-tance of company cars" (November 2) Michael Dixon points out that "the ultimate conclusion of the British Gov ernment's present tax policy might be to remove large-scale manufacture from the UK altogether."

Not for the first time, the reason will be the blind envy of the inland Revenue, irked that it does not have "com-

FTER General de Gaulle had ignited the nationalistic ardour of the Frenchspeaking population of Quebec with his famous cry, "Vive le Québec lihre," It was made chear to him by the Canadian Government that he was no longer welcome in the country. Yet his spiritual successor, Mrs Thatcher, who, during her international financial commu-

lightning visit to Poland last nity cannot "save" its region. week, came as close as any Western leader has done to As Britain becomes a "region" within the single intervening in the internal affairs of a Communist hloc Suropean market, all these issues will arise at national country with her public sup-port of the banned Solidarity level. In reviewing the Kuwait Investment Office holding in trade union, received no such BP, and in defining conditions treatment. Instead, General Jarnzelski, the Communist Party leader and head of state. for the BP takeover of Britoil, the Government has already acknowledged that there are situations where it is appropri-ate, in the national interest, to modify free market forces. Regional policy - in the widest sense - suggests that there are others. There is more

her Polish opposite number. That unusual gesture, com-ing as it did after the British Prime Minister's calls for meater democratic freedom in Poland and her love-match with Solidarity, speaks vol-umes about the complicated political situation in Poland,

e, despite its periodic vio-



greater degree of dissent than anywhere else in Eastern Europe. Indeed, Poland is no longer a country where a Communist government can wield absolute power with a total dis-regard for opponents' opinions. While the Polish Communist Party retains formal political power, it has long recognised that it can achieve little without the support of the all-per-vasive Roman Catholic Church or what has sometimes been described as fts secular offshoot, the Solidarity trade union. Nowhere has this been more true than in the implementation of the government's desperately-needed economic reform programme. A public dialogue abont how this is to be achieved has heen con-ducted in a surprisingly open and non-ideological manner.

FOREIGN AFFAIRS Things are rarely what they seem

Mrs Thatcher left Gen Jaruzelski only reflected glory and food for thought, writes Robert Mauthner

market economics in Poland came as much less of a shock to the regime than they would have done a few years ago and many of them fell on already fertile ground. Indeed, it was clear even before the twice-postponed

visit took place, that all parties concerned were intent on using Mrs Thatcher's presence in Poland to further their own particular purposes. Only last spring, the government's pro-gramme of industrial restructuring and more realistic prices had led to widespread strikes steel and shipyard workers. Painfully aware of its scant public support, the government looked to Mrs Thatcher to underwrite its policies.

Bizarre as it may seem that a Communist government should hope to enlist the sup-port of a Western leader to promote its domestic policies, it makes some sense in the Polish context. The Polish leaders, having been obliged to accept a eting between Mrs Thatcher and Mr Lech Walesa, the Soli-darity leader, as a condition of her visit, knew that she would be a hit with the union's supporters because she symbolised

Western democracy, The prescription of a harsh economic medicine would therefore be more palatable coming from Mrs Thatcher than from their own unpopular government. It was not a question of mediation, hut of persuasive presentation by someone who was internationally renowned for the success of her economic and industrial policies in her own land. In return, the Polish authorities were prepared to turn a blind eye to emotional Solidarity welcomes to the Prime Minister at the shipworkers' monnment in Gdansk and Solldarity churches. The tacit trade-off explains the relative absence of

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Solidarity.

complaints about Mrs Thatcher's public declarations. For Solidarity, all that mattered was that Mrs Thatcher should be seen and heard to support its demands for a pluralistic political system in which democratic freedoms, including the right of Solidar ity to exist, were respected. What are seen in Britain as Mrs Thatcher's inconsistencies - her advocacy of trade union rights and freedom of expres-sion in Poland while, in the view of her critics, clamping down on them at home - is of little consequence to Solidar-

ity, which considers Britain still years ahead of Poland in the practice of democracy. Though it might not have seemed so at first, Mrs Thatcher in fact broadly satis-

fied all her clients, as well, of course, as earning popularity bonus points for herself. Even though she made too much fuss of Solidarity for the taste of the Communist leadership elevating it to the status of an official opposition movement in a democratic society, the Prime Minister also did some of the Polish government's work.

When she emphasised that greater freedom also incurred responsibilities and that people must he prepared to accept hardships as the result of the fundamental reforms the country needed, Mrs Thatcher was conveying the right message to the country's work force from the official point of view. That was exactly the kind of advice that the Polish people have so far refused to accept from their own governmeot.

The big unanswered question, of course, is whether all the hullabaloo surrounding the visit will have aoy lasting effect on Poland, or whether It was just a splendid three-day wonder, the main result of

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which was to hurnish Mrs Thatcher's image at home. For the moment, one can

only note that the climate for the dialogue hetween the authorities and Solidarity which Mrs Thatcher said was a necessary pre-condition for greater freedom in the county. has deteriorated since her departure. Solidarity threat, on Suoday, to organise nationwide strikes if the government did not reverse its decision to close the Lenin shipyard in Gdansk has further undermined the prospects for an carly round table conference between the government and

It is also clear that the fundamental prohlem which has plagued the Polish and all other communist societies infected by the Gorhachev reform hug - the extent to which the ruling Communist Party should allow its "leading role" to be diluted by permit ting the legalisation of genuine opposition parties and movements - cannot be solved by a few words from a visiting Western leader, however charismatic and persuasive. Uiti-mately, its resolution depends not only on the result of a dialogue between the government and other representative groups such as Solidarity, but on parallel developments in the Soviet Union, without



whose consent no fundamental political change can be contemplated in Poland.

It was not for nothing that Mrs Thatcher constantly underlined "the bold and courageous reforms" that Mr Gorbachev has undertaken. The linkage which Mrs Thatcher established between economic and political reform is one that Mr Gorhachev himself has accepted, aod therefore could hardly be rejected hy the Polish leadership.

Yet, at the end of the day, Mrs Thatcher's visit was a very one-sided affair, It allowed the British Prime Minister to fly home in a blaze of prestigious publicity, while the Poles get little or nothing of a concrete nature, least of all an undertaking that Britaln would support an early rescheduling of their huge mountaio of official dchts. To he offcred only reflected glory and food for thought at a time of deep ecooomic and political crists was a hitter pill for the Warsaw gov-ernment to swallow. One can only admire the restraint and polite good humour with which the medicine was taken.

Without detracting from Mrs Thatcher's crowd-drawing cha-risma, the impression given by some of the media that she was courageously proselytising the people of a completely alien planet is therefore mistaken. Her ideas on the need for greater democracy and free

CATERING FOR INDIVIDUAL TASTES...

drove to the steps of Mrs Thatcher's aircraft to hid her a personal farewell, though diplomatic protocol demanded the presence only of Mr Rakowski,

where things are rarely as they appear to be. The Polish Communist lent clashes with Solidarity,

(NCVO: an umbrella body with 805 member organisations, vol-untary and charitable) is set-ting up a working party to examine the whole area of efficiency and effectiveness in the voluntary sector, both charitable and non-charitable.

An essential part of the task will be to ensure that volun-tary organisations take whatever action is needed to secure the highest standards in fund-raising, administration, management and service provision.

Legislative definition of charity may seem superficially attractive. But case law has served both charities and their beneficiaries well. True, it has produced some anomalies -but far fewer than any conceivable statutory definition. Above all, it has the supreme advantage of flexibility.

Usha Prashar, Director, NCVO, 26 Bedford Square, WC1

Hey, big spender

From Mr David Soskin. Sir, in response to the Chan-cellor's Antumn Statement, Joe Rogaly ("Fighting on when Joe Rogaly ("Fighting on when, war is over", November 4) raises the issue of whether or not the "pendulum has swung too far" with respect to the level of public spending. Mr Rogaly repeats the Chan-cellor's claim that "public spending was now below 40 per cent for the first time in 20 years."

year:

income. David Söskin. This figure is highly misleading, understating the true level 71 New End of public spending. Hampstead NW3

NRIEMER

'We live in abject terror'

From Mr J. Redgrave. Sir. Nöting Raymond Hughes's recent articles relat-ing to barristers' clerks (Finan-cial Times, October 3 and August 10) I should like to draw your effection to recom-In the recent words of Professor A.W.B. Simpson: "Their relationship to barristers, though formally one of subservience, in reality more closely resembles that of a draw your attention to recom-mendation 34.1 of the 1979 farmer with his live-stock ... parasitic upon their hosts, for they take a percent-Royal Commission on Legal Services (Cund 7648): "A barrister should not (my age of their earnings. Some make enormous incomes, and italics) be compelled to have a clerk but he should be under a

young barristers live in abject terror of their displeasure." (Invitation to Law: 1988: pages professional obligation to see that his practice is adminis-tered efficiently." 156-7: Blackwell). I would only add that many older barristers also "live in Many harrieters are extremely anxious to eee

abject terror." J. Redgrave, recommendation 34.1 implemented as soon as possible. The explanation is not difficult 9 Frederick Place, Clifton, Bristol

pany" cars. Yet the car perks system in the UK was actually invented by successive Governments, through incomes poli-cies. Among ways of circumna-vigating these artificial devices came the company car — and out of it came, just when the UK needed it, a way to save Jaguar, Rover and Rolls Royce. **Companies** bought British:

guite unwittingly we had stum-hled upon the perfect device to favour the home-produced product. Yet the Inland Revenue is systematically destroy-ing this device; today company fleets no longer always insist on home-produced models.

One rarely seee a French company employee riding in other than a French-hull vehicle. It will be the same after 1992 - but if the revenue succeed in its current idiocy, that will not be the case here.

Keith McDowall, 42 Gibson Square, NI

Stepping stone

From Mr Andy Powell. Sir, The plea by the Working Mothers' Association, for employers to provide mothers returning to work with flexible working conditions for a "set-tling-in period", raises the mestion of how - siven the Gross domestic product (GDP) is not a correct measure of national income. Net national product is the correct Measuring state expenditure against this measure shows that the state spends about 60 question of how - given the difficulties presented in finding per cent of the nation's income. The real issue is whether or not it is justifiable

part-time work. A successful solution adopted by a number of companies is to use this time as opportunity rather than inconvenience, by seconding the suployee for a short period to a community organisation. A

tailor-made assignment can be arranged through ARC to suit the needs of the employee, with the added benefit of bringing back into the company a greater breadth of working experience.

We urge amployers respond-ing to this plea to consider this option as a way of meeting the needs of the company, the returning employee and the local community, in one go. Andy Powell,

Action Resource Centre (ARC), CAP House 9-12 Long Lane, EC1

She has been twanging her harp among the angels for some time

From Mr Richard Stead

Sir. I was unaware that Mrs Thatcher was already an experienced harpist, and that she controls our little country from the privileged ranks of the angels. Her recent comment that she

would need to be twanging her harp for some time before she would accept a federal Europe when on all the principal counts we are already a federal state within a European nation, leads me to the conclusion that she has for some time been among the angels. It is a possibility which may explain the source of some of her inspiration.

As it is, however, she appears to have overlooked the fact that there is a European Parliament, and that European law takes primacy over UK cern to honour the value of the

pound sterling. The more credit they issue, the more profit they can make; the law. Signs of this nationhood are passports of common design, and identical driving licences. There is a confusion which supports the idea that a larger issue of whether the cur-rency loses value is not their common nationhood requires a concern. Instead of worrying about a

for the state to take and spend 28 of every £10 of a citizen's

single currency and a central bank. This is quite unneces-sary - arguably undesirable. After all it was only after the central bank for Europe, the Prime Minister should follow her natural instincts, and de-Second World War that the nationalise the Bank of

Bank of England was national-ised, and neither the perfor-mance of our industry nor the England, freeing the right to issue currency. Who would not find a Marks and Spencer jumper (we promise to pay the bearer one) a more solidly value of our currency since then has been such as to convince that it was a good idea. Furthermore, there are very valuable note than a pound (of what?). It was once a pound of good reesons to explain why the banks - which issue credit - should themselves be legally sterling silver: who was it who defrauded us? Here are a couple of facts to

responsible for the value of the reflect upon paper they issue. As it is, the Before the monopoly of note clearing banks have no con-

issue was granted to the Bank of England in the 1860s, Britain

S had over 60 per cent of all the manufactures in the world. Since then, our relative situation has not ceased to decline. From the date of the monopoly their neople given to the Old Lady, until

1918, when the right to issue notes was withdrawn from all but existing banks in Scotland - and even those banks had their rights controlled by the Bank of England – the Scot-tish economy (uncharacteristi-cally) boomed. It did better than the English economy. So if Mrs Thatcher does not

want a central European bank, she should pre-empt the situation by abolishing her own one

Richard Stead, Eilean Shonö, Acharacie, Argyll, Scotland

Segentions Brilliant! Again Please. abalous salads. Literally Exclusion from on the more toplay. sporte for choice Bartilisty fish. The onentar Duck was Dondry chalicious unive please EN SOUR . Chosenke charring! at acopsiste, the of meented. should a 77.04

... MEANS UNDERSTANDING PEOPLE

ome of our clients' suggestions are so complimentary they could make us blush. They don't because we feel we've earned them by applying a fundamental principle of catering. 'First understand people. Then Ireat them as individuals'.

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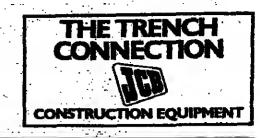
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FINANCIAL TIMES



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Tuesday November 8 1988

Economic time bomb for Prague

Leslie Colitt examines an explosive government-sponsored report

Zechoslovakia's conser-vative leadership, which has stubbornly resisted Soviet-type reforms, was presented yesterday with an economic and political time

Ironically, it was huried in a 150-page document which the Government commissioned four years ago. Innocuously títied "Glohal Forecast for Czechoslovakia to 2010", it was handed formally to Mr Jozef Lenart, the Central Committee secretary in charge of the econ-

omy. The author is Mr Valtr Komarek, the reform-minded head of the country's only independent economic research body. His Economic Forecastbody. His Economic Forecasi-ing Institute in Prague has sur-vived by providing the authori-ties with unbiased information on the economy available nowhere else. But now Mr Komarek has warned the leadership that eco-ponent professions to success

nomic reforms, to succeed, must go far beyood the mere streamlining measures which the party has so far endorsed. The most explosive message, however, is his blunt reminder to the party that economic reforms cannot be achieved without "essential changes" in the political sphere. Mr Milos Jakes, the party

Mr Milos Jakes, the party leader, has stressed that he will not yield any political ground to serve the cause of economic reforms. This eppears to suggest that Mr Komarek's recommendations, which include a shift towards the West in Czechoslovak trade, will be rejected by the leadership. leadership.

However, Mr Komarek, who studied in Moscow with Mr Mikhail Gorbachev, the Soviet leader, is cautionsly optimistic. Paradoxically, the main rea-

son for his optimism is that Czechoslovakia's centrally planned economy is deteriorat-

Minister quits after Koskotas disappears By Andriana lerodiaconou In Athens

remours that Mr Koskotas had

fled the country by sea. A war-rant has been issued for his

the Government's resignation

quality could deny Italy a key portfolio in the Commission

next January. As a result, Mr Craxi may now he leaning against the reappointment of

Mr Carlo Ripa De Meana, who for the past four years has held

the cultural affairs portfolio.

Mr Ripa De Meana has not dis-graced himself, but neither has

in Brussels

Failure to choose people of the Commission, Italy's perma-

won a position of influence

His most likely replacement

would be Mr Renato Ruggiero,

whose experience of the Com-munity is second to none in

Italy. In the past decade, he

has been a director-general in

MR TASSOS SEHIOTIS, Greece's Public Order Minister, resigned yesterday following the disappearance of Mr George Koskotas, the banker and press baron charged last month with multi-million dolarrest. Mr Constantine Mitsotakis, the Conservative opposition leader, immediately demanded leader, immediately demanded lar embezzlement and irregular foreign currency transactions. Mr Schiotis admitted that

and an early general election. He accused the Government of

Czech Communist Party leader Milos Jakes: unwilling to yield political ground to economic reform

look at economic reforms. Thus Mr Komarek was allowed

to present his once heretical views on economic and politi-cal reform in two recent issues

of the party's economic weekly, Hospodarske Noviny.

who still thought in terms of economic streamlining. This, he noted in an interview last

week, directly contradicted Mr Gorhachev's policy of peres-

His article pointed out that

"The Greek people are con-vinced that Mr Koskotas was

spirited away in order not to

talk, and of course the person chiefly responsible is not the

Minister of Public Order. The

responsibility reaches the top of the government pyramid,"

nent representative to Brus-sels, head of the Italian For-eign Ministry and, since July

eign Ministry and, since July 1987, Minister for Foreign

In his own party, Mr De Mita has to choose between the present incumbent, Mr Lorenzo

Natali, and Mr Filippo Maria Pandolfi, Minister of Agricul-ture for five years until this

April. Mr Natali has been at the Commission since 1976, and

Mr Pandolfi is keen to go to Brussels and has some strong

hacking within the Christian

Democrats and from Italian

agriculture. A compromise can-

is a Brussels heavyweight.

Mitsotakis said.

troika.

kotas affair.

Mr

ing at an ever faster rate. Eco-nomic growth slowed to 2.2 per cent last year, but this did not measure the level of useful out-put, according to Mr Karel Dyba of the Komarek Institute. Growth was also in the wrong areas, such as heavy engineer-

ing. He noted that there was a huge hacklog of urgently needed infrastructure invest-ments. "We lived until now at the cost of the future - disinvesting or investing wrongly," he said last week.

he said jast week. Simultaneously, Prague's trade deficit with the West is growing. The previously low hard-currency deht rose to \$5.5hn gross last year from \$4hn at the end of 1985. Shortages of durable con-sumer goods have developed, but last week Mr Ladislav Ada-

the advocates of streamlining failed to see that the Czechomec, the new Prime Minister, was told in Moscow that the slovak crisis was one of over-production of goods for which there was no demand in East Soviet Union wanted more consumer goods from Czechoslo-OT vakia. The crítical economic situa-

In contrast to the dogma-tists, most Western-oriented tion has caused the more prag-matic members of the ruling Praesidium to take a harder Czech oslovaks were extremely sceptical about the nation's prospects. Gross national product, once among the highest in Europe, was now at the level of Portugal. The inability to com-pete with the West was seen as a sign that the nation was "lost forever." But this pessimistic view, he

But this pessimistic view, ac argued, was as incorrect as that of the dogmatists. What Czechoslovakia needed, he said, was far-reaching eco-nomic reforms which created the conditions for a "genuine market."

market." Economic behaviour, how-ever, could not he changed withont "essential changes" in the political sphere. "The real problem is in the interdepen-dent world of politics and eco-nomics." nomics."

Despite the ousting last month of Mr Lubomir Strongal, the Prime Minister and a would-be reformer, Mr Koma-rek believes that Mr Jakes and, even more so Mr Ademec, want to emulate Mr Gorbachev. He freely admits, however, that the ordinary Czechoslovak often finds this difficult to

ti was a popularised version of his Institute's long-awaited document. The 150,000 in print rapidly sold out and photobelieve. Mr Jakes, he said, was a political centrist engaged in a "sharp fight" with the aggres-sive, conservative wing of the party which saw the departure of Mr Strongal as a victory. copies are greatly in demand. The economy, he wrote, was dominated hy "dogmatists" who now realised the need for industrial restructuring hat

"The struggle is now becom-ing clearer," Mr Komarek said. The publishing of his reform-ist articles was the first public sign of the "sharp fight" going on behind the scenes. At the same time a mass demonstra-tion against the authorities on October 28 in Prague was evi-dence that Czechoslovaks were being aroused from their pas-

would have to get the "awak-ening masses" on their side, he said. If they could not make the necessary "political changes" there would be a con-function in which emations frontation in which everyone would lose.

Forty eight hours is more usual.

In disappearing, Mr Kosko-tas left behind a business empire built up in the past six

years comprising three daily

newspapers. Six magazines, a commercial radio etation, a

leading local football team and

didate whose name has recently reappeared is Profes-

claim that Italy should reserve one seat at Brussels for the

opposition, as other EC coun-

tries do, is making little head-

red. white and blue By Timothy Harper

Cheers

for the

Getting the broadcasting white paper over and done with could well turn out to be the best thing that has happened to the ITV companies in months. The market had long ago resigned itself to every remotely negative hit of the document, which had been baked with such thoroughness that yesterday's market greeted it almost as an old friend. in London SOME DRINKS invented for friend.

SOME DRINKS invented for tonight's US presidential election parties in London poke fun at the Republican ticket: the Bush Charis-ma - inp water, no ice; the Quayle Ale - any bottled beer avoids the dranght. However, if the opinion polls prove correct, it will be the Democrats crying in their Bud-weiser when the last returns are in, the last spin doctors have spin their interpreta-tions of events and the last sound bite has been chewed on network newscasts. True, the government will no longer be in the business of issuing the broadcasters with licences to print money; hut that just means that those who make money in the future will do so because of the quality of their management, rather than in spite of it. And they will do so for longer than had been feared: 10 years rather than network newscasts. Of course, such a relatively insignificant matter as the election's ontcome will not

eight, with the opportunity to renew their franchises offered severely dampen the parties planned hy campaign follow-ers, US or otherwise, into the to those who can manage to avoid actively fouling the air-Waves small hours. Besides the innumerable Even those investors who

Even those investors who would not know a cable if they tripped over it must now be able to do the simple calcula-tion that more channels means greater demand for pro-gramme-makers' output. And that cannot but stimulate interest in a sector which has

remained frozen in fear of leg-

monitors. Tickets, including 500 sold for £15 (\$25.50) through Republicans Abroad and Dem-ocrats Abroad, entitle guests to free Budweiser lager, McDonalds's orange drink or Dunkin Donnts. Partygoers must new for hamburgers bot

must pay for hamburgers, hot dogs, chilli, wines and spirits. The remaining 1,000 tickets have been bestowed by the embassy on the favoured in London diplomatic, business and political circles. GrandMet

A few dozen - government ministers and other ambassadors, for example - will be admitted to the high-security Red Room for a private party hosted by Ambassador Charles H. Price II, a Reagan appoin-

"The majority of our guests will be British," the ambassador says.

when the

would presumably apply to any new owner, Pillsbury seems to have abandoned hope of find-ing a white knight should GrandMet press on. Indeed, yesterday's drop in the Pills-The party will begin at 10pm and run "until there is a result." That could be as early as 2am or, in theory, as late as

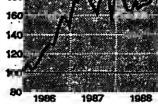
tway.

Getting the broadcasting white **TV** Companies Index Relative to the FT-A All-Share Index

THE LEX COLUMN

Putting a price on free TV

200



food company proper worth a further \$25; as GrandMet calcu-lated at the outset, any plausi-ble reconstruction seems to fall in the \$50-plus range, with \$60 out of reach. Quite why a Brit-ish company should be pre-pared to outreach a food-ob-sessed US market in this way is debatable. However, Grandis debatable. However, Grand-Met may well illustrate a truth already demonstrated by BAT, Beazer and Robert Maxwell: the legal defences erected by US companies are these days not a barrier, hut at best a negotiating instrument. ABF

HK Telecom

islative change for more months than existing share-holders would wish to count. Quite a lot of that interest could come from those who think that their chances of The steady reduction in the size of the Hong Kong Tele-communications issue is the best argument yet for disso-ciating the market price of Cable & Wireless from that of its subsidiary. If 7.1 per cent of HK Telecom is the absolute maximum that C. & Wis advite. making money in a new world of competitive franchising will be helped by buying a chunk of the old world to take with them. And with almost every ITV company on a substantial discount to the market, per-haps they ought to buy now. HK Telecom is the absolute maximum that C & W's advis-ers judge the market able to absorb, the share price can be of limited help in valuing the unquoted remainder. Not only will the issue raise closer to £130m than the £250m which seemed possible at the start of the year, the 15 month ban on subsequent issues means this may not be such a plentiful source of cash after all. And as if all that were not bad enough, the increase in the royaity proves the Hong Kong Govern-CITAIICIVICI If yesterday's poison burger is the best defence Pillsbury can produce after five weeks of cogitation, GrandMet looks to be home and dry. The plans for floating off Burger King are studiously vague, but the pro-posed distribution appears lia-ble for tax only if Pillsbury changes ownership. Since this would presumably analy to any more the Hong Kong Govern-ment is not a pushover any more. Yesterday's 3 per cent fall in G & W seemed fair emough, given that the shares have outperformed by 20 per

rice is not enough - is that Elders is much more highly geared than it admits. It is going rather far to include the going rather far to include the debt of Elders' finance subsid-iarles in the calculation, but it is perfectly reasonable to ignore the artificial of balance sheet structure of the pub busi-ness, in which case gearing emerges at just over 100 per cent. But this is of limited rele-vance to the operation of refer. vance to the question of refer-ral; after all, Elders has been here before. If the hid is cleared, all that will matter is price. S & N

from the obvious one that the

will matter is price. S & N makes the strong point that on the basis of Elders' own valua-tion of the pubs and hotels, the 400p bid values the whole S & N hrewing operation, hrands included, at 25p a share. It is the more awkward that several S & N directors are shown to have made six-figure profits in the 'nast year hy cashing in the past year by cashing in their options for as little as 214p. This is part of a general clumsiness which has dogged S & N's campaign from the out-set; thunderings from the CBI notwithstanding, the compa-ny's best hope is still Lord Young.

ABF Associated British Foods' slightly mouldy profits from milling and baking may have npset Goodman Field-er – which is having enough trouble finding a buyer for his RHM stake as it is – more than ABF's own shareholders. As the company has half as much cash again as operating assets; its disappointing 4 per cent rise in UK trading profits was neither here nor there. The clue to the 6.5p fall in ABF shares yesterday was the simi-lar fall in the Berisford price. Yesterday ABF was free to renew its bid, and although it would have been out of characwould have been out of charac ter for the world's most cau-tions businessman to make a new offer at once, the market

new offer at once, the market was evidently hoping for a scrap of information. Having missed countless chances to buy when prices were cheap, it would be a pity if ABF were pushed into a deal now simply because there are no end of highly anxious sell-ers and because the market is clamouring. Mr Weston still clamouring. Mr Weston still wants British Sugar, hut tbanks to all the leveraged money slopping about a bar-gain is unthinkable. Earnings from sugar must be close to a peak, and while the rest of Berisford is healthier than before, there is no guarantee that it would fetch high enough prices to make the sums add up the Weston way.

Besides the innumerable smaller gatherings, Republi-cans and Democrats will min-gle at three public bashes. The blggest, with 1,500 guests hy invitation only, is at the US Embassy. Organisers say there is demand for at least twice that many tickets to wander amid the red, white and blue bunting, the US flags and the network television monitors. monitors.

the police had lost track of the 34-year-old tycoon, who was under 24-hour surveillance, since last Saturday. There was "no information" that he had left Greece. His statements, however, ooly reinforced

By John Wyles in Rome

AN UNUSUALLY heated

debate over Italy's choice of

two nominees to the next Euro-pean Commission is coming to

a climax ahead of a visit to Rome on Friday hy Mr Jacques Delors, the Commission Presi-

Both Mr Ciriaco De Mita, the

Christian Democrat Prime Min-

ister, and Mr Bettino Craxi, the

Socialist leader, have appeared reluctant to make up their

minds in recent weeks over

appointments which are invested with greater impor-

tance than over before as 1992

dent.

approaches

engineering Mr appearance Last week he told parliament

which called on the Governthat government ministers and people close to Mr Andreas ment to justify the unusually long period of 11 days granted Mr Koskotas at the end of last Papandreou, the Prime Minister, were implicated in the Kosweek to prepare his defence.

Rome split on Euro-commission nominees

Trad

Similar reactions came from brivate hank currently audited by the Bank of Greece. left-wing opposition parties

tacts.

way.

In the course of establishing his empire, Mr Koekotas devel-oped extensive political con-

toral college formally names the new president. About 500 people are expec-ted between 9pm and 3am at the National Liberal Club in

London, where £45 ticket-hold ers get food and wine and £10 tickets merit television moni-turs and a Dirieland band. The winning drink in the club'e contest was the Bushakis Fizz, an assembly of hius curacao liqueur, champagne

and a maraschino cher-ry - red, white and blue. About 300 will attend a party at the English Speaking Union, where £18 tickets secure food, wine and another

Jazz Gend. Mr John Wood, the chair-man of Republicans Abroad, says a presidential election is another opportunity to cale-brate being American as on national days such as July 4, Thanksgiving and Super Howi Sunday. Sunday,

about 2,000 members, say US expatriates have not shown the lack of interest and dis-taste for the campaign reported among voters in the US. "I certainly think there has

been more interest in this campaign than in the last one," says Ms Sally McNulty, head of Democrats Abroad. The election is another business opportunity for some Americans - the kind who brought the socalled power breakast across the Atlantic. Mr Boh Beckman, invest-ment adviser, will hold forth with Shearson Lehman Hotton

with Shearson Lehman Hotton moneymen at the Liberal Chib. He says a strong Dukakis showing in New York, an early return, could foreshadow an upset leading to financial-mar-ket furmoil; or that a big Bush win in New York could mean "we won't have to wait up for California."

Rival says Gandhi took arms deal money

Continued from Page 1

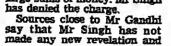
Mr Gandhi is accused of depositing more than Rs80m (\$5.2m) in a Swiss account after taking commissions in a controversial \$1.4bn howitzers deal with Bofors, the Swedish armaments company, that was finalised in 1985 when Mr Gandhi held the Defence portfolio Mr Singh has given a specific

bank account number and the amounts that were deposited in this on three dates in 1986 and 1987. He has alleged that the commission was taken through a fake company named "Swenska". He also claimed he had more secret informatioo and said he would

disclose further details shortly. Mr Singh said he would one in which such accusations bave been made in public. It marks the beginning of the opposition's election campaign in which corruption in public life will be a central issue. It is renounce public life if the Prime Minister was able to prove that the information was incorrect. So far, no rehuttal has come from Mr Gandhi or his office although, when the Bofors deal was being widely discussed less than a year ago, the Prime Minister made a statement to Parliament that

neither he nor any member of his family had taken bribes. While veiled charges have been made in the past on similar lines in Parliament, where speeches are privileged, or in private conversation, Mr Singh's statement is the first

now apparent that the campaign will be a bitter one in which no holds will be barred. Although Mr Gandhi himself has been silent on the charges, has been such on the charges, some of his followers have retailated hy accusing Mr Singh of having a secret Swiss account in which he has put large sums of money. Mr Singh has denied the charge. Sources close to Mr Gandhi say that Mr Singh her pat



that details of "winding np" payments made to a Bofors agent are being mentioned again. The only difference is that this time it is Mr Gandhi and not the agent who is the target Officials point out that the Bofors deal has been investi-

mittee whose report, submitted a few months ago, cleared Mr Gandhi and the Government of accepting any unauthorised payments, although the "wind-ing up" payments made to the agent have never been prop-erly explained. The parliamen-tary committee was boycottad by the main opposition parties.

gated by a parliamentary committee whose report, submitted

sor Gluseppe Guarino, a former member of the European Par-liament, and his party'e lead-ing thinker on the Community. The only other candidacy worthy of mention has been inspired by and for Mr Marco jazz band. Pannella, the former maverick leader of Italy's Radical Party and also a Euro MP. He has some backing among intellec-tuals and from the left, hut his

Bepnblican and Democrat bodies in London, both with about 2,000 members, say US

bury price to just below the \$50 offer plainly implies that the market has abandoned hope of S & N a restructuring or a counterhid, and is more concerned

The appearance of Scottish & Newcastle's bid defence only that GrandMet might walk days before a decision is expec-ted on referral gives it a slightly inconsequential air. The main contention – apart On a McDonaki-style multi-ple, Burger King might be worth \$15 a share, with the



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WORLD WEATHER

UK plan for TV industry shake-up

Continued from Page 1

be bad. While there was a great deal of rubhish on US televi-sion, he said, there were specialist channels giving news, opera and sport at all hours and this allowed a choice not present in the UK.

Mr Hurd added : "It will be gradually more and more the viewers' choice that will call the tune."

Mr Marmaduke Hussey, chairman of the BBC, said the policy document set a framework for the coming years, and

the BBC was determined to play an active part alongside the new competition.

Mr Michael Checkland, BBC director, expressed surprise at the decision to franchise the night bours on one BBC channel despite the Corporation's acceptance of a more aggres-sive commercial role.

Mr John Whitney, director general of the Independent Broadcasting Anthority, said the IBA would be advising caution on the future role of ITV

and Channel 4, the dangers of fragmentation of channels, and the dilution of resources. Mr Roy Hattersley, Labour's home affairs spokesman, said that the anctioning of ITV franchises would adversely affect quality and result in-"vast profits for the interna-tional tycoons of television".

He said the plan represented "giant retreat" from the concept of public sector broadcast-ing, which would result in "less diversity and lower standards".



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FINANCIAL TIMES COMPANIES & MARKETS

Tuesday November 8 1988



INSIDE

Trading in Thomson, Suter shares stopped

Trading in Thomson T-Line and Suter shares was suspended as the UK Industrial hnidings companies moved close to agreement-in-takeover talks. Thomson I-Line'a 275p offer for Suter, headed by David Abell (left), values it at 2320m (\$563m). Suter shares were suspended at 241p and Thomson at 71p. Page 30

S&N fortifies defences against Elders' takeover bid

The battle between Scottish & Newcastle Brew-eries and Elders IXL intensifies as S&N accuses the Australian group of trying to buy it on the cheap. S&N, which expects this week to hear whether the bid will be referred to the Monopolies and Mergers Commission, urged shareholders in its defence document to reject the £4 per share offer from the Foster's lager brewer. Lisa Wood reports on the latest in the confrontation between the breweries. Page 32

Ford hauls its tractor unit

into profit for 1989

[0]

Hong Kong Telecom share sale likely to raise record HK\$4bn

By Michael Marray in Hong Kong

THE HONG KONG subsidiary of Cable and Wireless, the UK based telecommunications group, plans to raise HK\$4bn (US\$512m) next month through an international share offering and placement, the largest anch exercise ever mounted by a Hong Kong com-nauv.

Hong Kong Telecommunications' two largest shareholders, C and W and the Hong Kong Gov-

and W and the Hong Kong Gov-ernment, are to offer a total of between 6.4 per cent and 7.1 per cent of the company's shares from their respective holdings of 79 per cent and 11 per cent. No new money will be raised for HK Telecom, which holds a monopoly over tha colony's domestic telephone network and its international telephone links. Despite being the largest share

Despite being the largest share offering ever made in Hong Kong, the sale is smaller than expected. The sluggish state of the Hong Kong stock market may have per-

suaded HK Telecom, which had previously said that up to 11 per cent of its shares would be sold, to trim the size of the offer. "The 11 per cent number has become somewhat fixed in peo-ple'a minds," said Mr Mike Gale, HK Telecom chief executive. In order to allay market fears

In order to allay market fears that a further overhang still exists, Mr Gale said that a 15-month "lock-np period" will fol-low the offer, during which nei-ther C&W nor the Hong Kong Government will sell shares. In terms of its market capitalis-stion more them USS7 2bp HF

ation, more than US\$7.30n, HK Telecom is the colony's largest company and is larger than its UK parent. The prospect of its share offer-ing has cast a shadow over the

Hong Kong markst sinca the company gained a listing in February. The sale will take the form of a combined public offer and place-

ment in Hong Kong, an interna-tional placement aimed primarily at continental Europe and Japan. and a public offer in the US, where the shares will be listed on the New York Stock Exchange.

should be in public hands, but the exchange has used its discre-tion to include the reduced Gov-The size of each offer and the price will be decided in early ernment holding of 7 per cent as part of this figure, in addition to the 17 per cent which will be in general circulation. C and W's stake will fall to about 76 per December. Between 425m and 500m shares will be sold in Hong Kong, through a placement with institutions and a public offer for sale. Existing shareholders and cent. A profit forecast of HK\$3.59bn

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Nov

sale. Existing shareholders and company employees will have preferential rights. Ontside Hong Kong, 187.5m shares will be offered in the US, and 100m shares will be placed with institutions in Japan and for the year to next March 31 gives a prospective price/earn-inga ratio of 16 at yesterday's HK\$5.20 close, down 10 cents. If the shares were sold at this price, Europe. UK institutions in supan and Europe. UK institutions, many of which are already active in the Hong Kong market, will primar-ily be taken care of within the HK\$4bn would be realised by the selling shareholders. A final dividend of 11.5 cents

per share has been forecast, and Hong Kong offer. The size of the Hong Kong offer may be increased by 20 per cent to meet demand, with the shareholders on the register next January 6 will be eligible for the 11-cent interim Lex, Page 20

overseas offers being trimmed.

per cent of a company's shares

MR ALAN BOND, the Australian entrepreneur, is polsed to make further asset sales. Negotiations have reached an advanced stage for the sale of ITC, a film and television production company, and a 14.9 per cent stake in TV-am, the British breakfast television franchise, which would have a combined price tag of between £80m and £85m (7150m) (\$150m). The sales would follow the dis-

posal last week of a 14.9 per cent holding in Standard Chartered, the international banking group, for £165m and a 13.4 per cent stake in M&G, the fund manage-

stake in Mac, the fund manage-ment group, for £34m. Further disposals would strengthen Mr Bond's hand if he decided to use his 20.5 per cent stake in Lonrho as a springboard for a takeover offer for the UK-based multirational Lourho based multinational. Lourho shares were again traded actively yesterday, closing Sp higher at 422p. The TV-am stake is expected to FDIC gives ground in rescue talks with **Texas bank group**

By Anatole Kaletsky in New York

was to be provided by a rights offering to existing shareholders as well as an major investment by Mr Carl Lindner, a leading Under Hong Kong Stock Exchange regulations, about 25 MCORP, the troubled Texas bank bolding company which announced last month that it would be asking for large-scale assistance from the US Govern-ment, appears to have won a crufinancier from Cincinnali. Mr Bishop's plan was threat-enird two weeks ago, when fed-eral regulators told him that all cial victory in its struggle to retain some control over its own

future. The company, which had ear-lier threatened to file for bankruptcy if it received a govern-ment directive to transfer its remaining funds into its under-capitalised banking subsidiaries, said it had reached "an under-standing" with the Federal Deposit Insurance Corporation. As part of this understanding, the FDIC would not insist on MCorp injecting \$400m into its banking subsidiaries while a recapitalisation was in progress with potential investors.

The deal could enable MCorp's chairman. Mr Gene Bisbop, to keep MCorp independent, instead of allowing the FDIC to force the company into an unwanted merger, as it did in the rescuc of First RepublicBank earlier this

year, Last month, Mr Bishop announced a recapitalisation pro-posal under which the company would have combined its \$400m of remaining capital with \$400m of aew funds raised by outside investors and \$1bn of support from the FDIC.

Government officials said at the time that this direction raised an important point of principle, since only the banking subsid-iaries and not MCorp itself were guaranteed by the federal deposit insurance. The FDIC had stressed repeatedly in the past year that if would not allow shareholders or bondholders of bank holding companies to benefit from gov-

of MCorp's remaining funds had

to be committed immediately to the support of its insolvent bank-ing subsidiaries. Government officials said at

erminent assistance, MCorp was see as a major test case. Mr Bishop noted, however, that MCorp's remaining capital had been generated not ibrough its banking business but by the sale of two non-banking subsidiaries, MTech and MNel. He argued that he had an obligation to the hold-ing company's bondholders to retain these funds in MCorp and

not allow them to be channeled into the banking subsidiaries. The deal with the FDIC

appeared to imply the regulators' acceptance of these positions, at vestors and \$1bn of support om the FDIC. The \$400m of external capital

Crédit Lyonnais and St Gobain

now controlled about 45 per cent

"This still makes a takeover

St Gobain buys 3% of **Essilor optical group**

By Paul Betts in Paris

SAINT GOBAIN, the French glass and packaging group, has acquired a 3 per cent stake, worth about FFr150m (\$13.9m), in Essilor, the optical glass com-pany which has become the world leader in the spectacle glass market.

"This still makes a takeover bid against us mathematically possible but I think the presence of partners like St Gobain and Crédit Lyonnais should make anybody think twice before launching a hostile bid," he said. Essilor has long been regarded es e rotentially attractive target The purchase will reinforce control of Essilor by its management and friendly shareholders as a potentially attractive target to avert the threat of an unwel-come takeover bld. It is also because of its strong profits and remarkable growth record since designed to provide Essilor with

of voting rights.

Ford New Holland, **Rorer Group** 45 US\$ per share Ford Motor's tractor Share price and farm machinery 40 arm which slid Into the red in 1986 and 1987, will be back in the black this year 35 and is budgeting for a profit in 1989. The egricultural equipŋ 1987

industry.

over?"

market share since 1979. Com-

the top 20 to have the res

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ment company claims a 13 per cent shere of the world market, putting it behind Massey-Ferguson of Canada. Page 22

Ukrainians look forward to the sweet promise of perestrolka

The soil in the Soviet Republic of the Ukraine would be envied by sugar beet farmers around the world, but not the conditions. Farms tackle modern tasks with out-dated equipment and women and men must compensate for the ______ shortcomings of Soviet machinery with physi-cal labour long abandoned in Britain. David Richardson visits a sugar beet farin in the Ukraine which is looking forward to the changes promised by perestrolka. Page 48

Sydney faces a brighter future in US markets

Jan 1988

Rorer searches for the cure to takeover chills

Bond opens talks on sale of TV stake

The US has opened its futures market to the Sydney Futures Exchange in a landmark deci-aion which gives its members outside the US permission to offer its products to the Ameri-can public without registration. The Sydney Exchange believes it is the first to gain full access to the US for the sela and marketing of Its futures and options contracts. Page 27

Market Statistics Base lending rates Benchmark Govt bonds European options exch 44 28 London share service 🚊 48-47 London traded options London tradit. options 22 44 28 FT-A indices Money markets FT-A world indices FT int bond service New int. bond issues World commodity prices World stock mitt indices UK dividends announced 27 48 44 39 27 **Inancial futures** 44 Foreign exchanges London recent issues 26 48-43 Unit trusts Companies in this section Lawson Mardon Midland Bank AB Foods 30 AP Screenprinters Apoilo Watch Prods 34 33 32 Misys Misubishi Rayon Baldwin Beatson Clark Benckiser Nampak Oceangate 34 24 32 British Enkalon PLM Panigal Pearson 33 33 Brown (N) Group Charte China Light Pennant Products 26 Deita Elders Quarto RJR-Nabisco Rodiearn Rowe and Company Scottien & Newcastle Sherwin Pastoral Elkem Epeda Era Group 24 24 30 24 22 Essilor Euromobiliare Shionogi Société Générale Evone Expansion Fil-Fyffes FL Surprenant Flahery Products Ford New Holland 30 30 Southern Sun 30 Sulzer Brothers 34 Suter 22 TT Group 22 Tanabe Salysku 32 Technoplast 24 Thomson T-Line 33 Toray industries 29 Toraying 1 Hartley Baird 33 32 22222 Hornby Group Hughes (HT) Johnson Matt Toyoda Unilever 30 24 Valeo Vielle-Mor 24 30 La Générale 24 Vielle-Montagne Zygal Dynamice ÷.

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James Buchan examines the challenges facing a US drugs group as it tackles its 'Mission Impossible'

r Robert Cawthorn, down He revived interest in Maa-chairman of Rorer lox, which was introduced in Group, has a terrible 1949, by hiring consumer product M chairman of Rorer Group, has a terrible specialists to market the drug more effectively to doctors and devising new dosage forms and job. He has taken an obscure maker of pharmaceuticals and surgical devices and tripled its sales to \$1bn. Now he must double the Philadelphia company again in size to give it the weight



Robert Cawthorn: soft-spoken and opportunistic

strengths. In 1986, Maalox stabistrengths. In 1800, Matalox stabi-lised, sales rose 17 per cent to \$200m in 1987 and this year they are approaching \$240m. The com-pany now has a separate con-sumer products division, based round its great cash generator and Ascriptin, an aspirin coated Mr Cawthorn, 58, is an English-man who has knocked about the world. He farmed in Canada, sold pharmaceuticals for Pfizer in Nairobi and Brussels and ran a biotechnology company in Geneva before moving to Fort Washing-ton, the Philadelphia suburb with Maalox to prevent stomach upset through repeated dosage. He also sold the relatively lowprofit margin surgical products business, for \$348m. And in Januwhere Rorer is based. He is white-haired, soft-spoken, a lover of risk and a thorough opportunary 1986, he spent no less than \$690m, or double the company's then net worth, to buy the three ist. The company he took on as chief executive in 1985 was 75 health-care divisions of Revion. years old and showing it. The Knowing Rorer was too small to great product that transformed its fortunes, the over-the-counter antacid Maslor, had been losing compete with the likes of Merck or SmithKlins Beckman for prime assets, Mr Cawthorn did a quist deal with Mr Ronald Perelpany sales and profits were just \$338m and \$36.8m that year, which put Rorer aomewhere man, the corporate raider, in the midst of his takeover battle for

Revlon. It was the kind of takeover a company with a much deeper middle managements hate. The pocket, entered the fray and easabout 60th on the list of US drug companies. Research and devel-opment spending, at \$18m a year, was paltry at a time when it can middle managements hate. The new acquisitions had \$290m in sales, scarcely less than Rorer cost more than \$100m to bring a itself. Nobody's job was safe. But drug to market. "We just couldn't place enough bets," Mr Cawthorn says. "I thought we would have to get to after a year of ructions, Mr Caw-thorn had a new company based round five product areas: gastro-enterology (essentially Maalox), arch and marketing clout. And we would have to look for acquisi-tions as well as internal growth." Over the next two years, Mr strong business in West Ger-Cawthorn turned Rorer upside many.

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The takeover gave Rorer some promising new products and a research establishment, which is now absorbing the best part of \$100m a year. "I know Merck spends six times as much," Mr

Cawthorn said. "But three years ago no self-respecting Merck sci-entist would come to work at Rorer. In the last half year, half a dozen have come over. We're still small enough for people to think they can make a difference here." It also gave Rorer a very high level of debt. Even after the sale of the surgical devices business, Rorer still had over \$500m in long-term debt last year and was the most heavily borrowed of any drug company. But this did not deter Mr Cawthorn. "I don't

think pharmaceuticals companies use their balance-sheets enough," Mr Cawthorn says. "We have very strong and stable cash flow from Maalox." New applications for Maalox and strong sales of Monoclate, e highly purified plasma fraction, should allow Rorer to increase its sales by 10 per cent a year and its

earnings by 15 per cent or so for a while, according to Wall Street analysts. But Rorer still lacks the muscle to develop new products as they come out of research and enter expensive and time-con-suming clinical trials.

In April last year, Mr Caw-thorn tried to solve Rorer's prob-lems in one fell swoop. He offered \$2.6bn for one of the most tainted corporate properties in the US, the AH Robins over the counter drugs group. The company was in bankruptcy, because of a del-uge of damage suits arising from its Dalkon Shield intra uterine device. Even Rorer's own board was worried. But Mr Cawthorn believed the two companies could fund a trust for the injured women and still form a powerful business combination.

"It was a beautiful deal," he says wistfully. "It would have given us critical mass." Unfortunately, American Home Products,

ily ontbid Rorer. Perversely, the failure to

acquire Robins has focused attention on Rorer itself as a takeover candidate. Rorer stock closed on Friday at \$42%, almost double its low for the year. "In this day and age, no company is safe from takeover," Mr Cawthorn says. "If cardiovascular products, plasma fractions, and treatments for brit-tle bones and hypersensitivity (chiefly asthma). Rorer also had a point looking over your shoulder all the time."

raise between £15m and £20m and talks are continuing with several interested parties.

Sources in the US believe that ITC may be acquired by a Californian group, and discussions continued over the weekend in New York. A management buy-out is also under consideration two years ago with Credit Lyon-nais, the French state-owned bnt financing difficulties have been encountered. bank.

Mr Maitenaz said Valoptec, the Bond is expected to receive abont £65m for FTC. vehicle for Essilor's management sbareholders, together with

a strong industrial long-term partner to back its international development.

The company expects its con-solidated sales to total FFr4.2bn this year. Mr Maitenaz said Essi Mr Bernard Maitenaz, Essilor lor's net profit margin should reach 7 per cent of sales next chairman, said his company had been looking for such a tie after forging similar financiai links year

Essilor's move reflects a trend among France's smaller successful independent companies seeking friendly partnerships with larger groups to protect against hostile takeovers.

Valeo bows out, Page 24

was created in 1972.

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By Ray Bashford in London

INTERNATIONAL COMPANIES AND FINANCE

RJR Nabisco board split | Midland Bank beats path to Vitale's door over management buy-out

By Anatole Kaletsky in New York

THE \$20bn-plus takeover battle trading yesterday morning, for RJR Nabisco_continued to despite the general weakness intensify yesterday as signs emerged of a possible split between some members of the RJR board and the senior managers who have been trying to buy the giant tobacco and foods group. Controversies hava arisen

over the levels of compensa-tion proposed for senior managers under the buy-out offer announced by the management group last week, as well as over the entry into the take-over fray of an investor group led by Forstmann Little and Procter & Gamble.

The possibility of a eplit between RJR's managemant and the special committee of outside directors that has been charged with evaluating all the bids, increased the chances of an open auction for control of the company. RJR's shares climbed by \$1 to \$36% in active

By Paul Betts in Paris

with a group of financial part-ners a 9.16 per cent stake in Société Générale, the largest

French privatised bank, yester-day extended an olive hrancb to Mr Marc Vienot, SocGen's

chairman. Speaking for the first time

since his controversial raid on

Societé Générale, Mr Pebereau said he was anxious to hold talks with Mr Vienot and the

bank's management to try to iron out what be described as

intentions. Surrounded by his principal Frencb backers, including Mr François Dalle, the former chairman of L'Oréal, Mr Jean-

Louis Descours, the head of the Andre shoe group, and Mr Gus-tave Leven, the chairman of Perrier, Mr Pebereau said he

wanted to work with, and not

against, Société Générale. He added that he had no immedi-

misunderstandings" over his

team.

MR GEORGES PEBEREAU, tbe former cbairman of France's CGE telecommunica-tions and heavy engineering group who bas accumulated

hand

said.

speculation."

Pebereau anxious to resolve

"In five years' time, I would rather have 10 per cent of a highly profitable bank than 30

per cent of a bank with an average performance," be said, emphasising that be and his partners regarded their stake as a "long-term investment." Both Mr Pebercan and Mr Delle actified at guerations of

Dalle scoffed at suggestions of their involvement in under-

destabilise the core sharehold-ing structure of Société Génér-

ale, and Mr Pebereau claimed

"we are not raiders and we are not interested in short-term

"I am not involved in any

political manoeuvres to

of equity prices on Wall Street. One of the issues that has raised eyebrows, according to people familiar with the bidding, is the management group's plan to give senior managers an equity stake of up to 20 per cent in the \$20bn-plus bny-out in exchange for an investment of only about \$20m. investment of only about \$20m. However, a more significant difference of opinion emerged over the possible bid by Forst-mann Little. The management group's advisers bave suggested that Forstmann Lit-tle could be in breach of an earlier undertaking it made

not to bid for RJR except with the management's consent. The Forstmann group's advis-ers indicated, however, that they had made no such agreements with the managemant

that the RJR board positively welcomed the entry of a third potential bidder to ensure "a horse race" over the company'e future. The next step in the battle could be for the RJR board to lay down publicly a set of ground-rules that would ensure equal participation in an auction by all three poten-

tial bidders. RJR has made confidential financial information available to the Forstmann group and Forstmann is expected to decide within the next few days whether to make a bid. The group, which includes Procter & Gamble, Raleton Purina and Castle & Cooke, a major fruit courser has said major fruit canner, has said that if it did bid, it would make an all-cash offer that would top the two proposals now on the table – a \$92-a-share offer from the management-led group and a \$90 offer from Kohlberg Kravis Roberts. Lawson Mardon

There were also suggestions

By Alan Friedman in Milan THIS EVENING in London, a small team of executives from Britain's Midland Bank will sit

Britan's Midland Bank will sit down to negotiate with a houncy 50-year-old banker from Milan. The banker's name is Mr Guido Roberto Vitale. In his native Italy, Mr Vitale is known as the man who 15

years ago set np Euromobi-liare, an investment bank that is today one of the very few institutions ahle to compete with Mediobanca, the powerful numero uno of corporate finance.

The Midland-Euromobiliare talks are significant because they stand a reasonable chance of leading to a deal under which Midland could become the first UK clearer to achieve a prominent role in Italian finance. Put simply, the negoti-ations concern the acquisition by Midland of an equity stake

rises 84%

By Maggle Urry

in Euromobiliare, which would boost the UK bank's overall stake from around 3 per cent at present to around 40 per cent. This would bring with it effective control of Euromobiliare. The sum of money being dis-cussed - believed to be around \$65m to \$75m - is not so large by global banking standards, but the implications of a Mid-

land-Euromobiliare alliance are considerable, at least in Italy. For Midland, a deal with Euromobiliare would give the British bank a substantial position in an evolving market. Euromobiliare, since being founded in 1973, has been one of the most ardent advocates of consolidated balance sheets, externally audited accounts and other practices that have been slow to take root in Ral-ian finance.

With a staff of 97 people, 40 of whom are engaged in corpo-rate and stock market activirate and stock market activi-ties, Euromobiliare has been active in underwriting new share issues, in mergers and acquisitions business, in port-folio management and in Eurobond trading.

The Milan bank, thanks to a merger a few years ago with Confindi, a fund manager, has 2,000 "high net worth individ-ual" clients with L600hn (\$453m) of funds. Last April, Euromobiliare became the first private-sector institution since 1939 to be awarded a formal banking licence. It has in recent months attracted around L60bn of deposits at its single Milan branch and Mr Vitale has described his goal as trying 'to be an Italian version of Brown Brothers Harriman, a boutique bank aimed mainly at

corporate and wealthy individual clients." Mr Vitale himself is an aggressive and shrewd deal maker in Italian finance and his personal standing is such that he was considered a fiew years ago as a possible chair-man of Consob, the Italian stock market authority. Among his most important deals are two associated with Mr Carlo De Benedetti, who is a key Euromobiliare ehare-holder. In 1978, Mr Vitale engi-neered the purchase of Mr De Benedetti's first share stake in Olivetti. ual clients."

In 1985, in a deal that was

succeeded in taking over Bui-toni just as Mediobanca was

toni just as Mediobanca was putting the finishing touches on the sale to BSN. For Midland, effective con-trol of Euromobiliare would thus represent a key step into a.market dominated by just a few major players. Euromobi-liare did make a L13.8bn loss in the 12 months that ended last June, but this was largely a result of securities write-downs that hit most Italian banks. One indication of the seri-

One indication of the seri-ousness of the talks is the fact that Mr Vitale will be accompathat Mr Vitale will be accompa-nied in London by a represen-tative of Euromobiliare's three biggest shareholders. They are, aside from Mr De Benedetti, Mr Raul. Gardini and Mr Silvio Berlusconi. The three together control 45 per cent of the Ital-ian investment bank.

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considered audacious in Italy, Mr Vitale helped Mr De Benedetti to swoop in on the Bui-toni family, which was about to sall control of its foods group to BSN Gervals Danone of France. Mr De Benedetti Ford's farm unit ploughs ahead New Holland sees sales rising by up to 8%, says Nick Garnett

running behind schedule. "We are not going to crunch them together in Europe," said Mr Bob Nicolazzi, vice president for international sales.

New Holland is the second largest supplier of combines in Europe, with 21 per cent of sales, behind Claas of West

sales, behind Claas of West Germany which has more than a quarter of the market. However, Naw Holland's position in its domestic market is weak, with no more than 7 per cent of North American combine sales. "Our objective over the next five years is to double that," Mr Nicolazzi said, Ford New Holland predicts a total compound growth of 10 to 12 per cent in tractor demand in open world markets over the

in open world markets over the next five years. The industry, though, is still

plagued with production over-capacity. Mr Moglia said capacity was still probably around 800,000 units, as against sales

of 650,000. Asked which type of tractor supplier would benefit most from an opening np of the European market, Mr Moglia sold. If muss those that can said: "I guess those that can figure the right distribution techniques, that recognise a really homogenous market and can buy modern technology on information systems may have information systems may have an advantage."

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3rd November, 1988

further component deals

Mr Moglia said Ford New Holland was interested in other such deals on compo-nents. "It is the best way to supply component needs," he said.

and the second states of the second

said. Ford New Holland says that overall it is ahead of schedule in "harmonising" the separate New Holland and Ford dealer-ships. It is three quarters of the way through doing this in North America for example North America, for exampla, where 2,300 dealers are being reduced to between 1,700 and 1,800.

In some parts of Europe, the merger of dealer networks is

eeded to do something. Now that we have done that we are in a strong position," he said. However, the company is understood to be looking at the possible purchase of at least one equipment maker. Some

Olivetti.

Bob Moglia: interested in.

senior managers also believe Ford New Holland needs to add

tional tractors. Mr Boh Moglia, Ford New

Ford New Holland, Ford Motor's tractor and farm machinery arm which slid into the red in 1986 and 1987, will be back in the black this year and is budgeting for a motifier to the red in 1986 and the subscript of the subscript o profit in 1989. Ford's agricultural equip-ment company sold almost 90,000 farm and industrial trac-

market. This puts it behind

and sales, said in an interview that the company expected to increase its unit sales hy between 7 and 8 per cent for

and other harvesting equip-ment in 1986 for \$380m and the following year hought for about \$90m Versatile, a Cana-dian maker of large articulated four-wheel-drive and bi-direc-

NEW ISSUE

tors last year and claims a 13 per cent share of the world

Massey-Ferguson of Canada and Italy's Fiat and about level with Case IH of the US. Mr Gorham Cowl, executive vice president for marketing

1980a Ford acquired New Holland, a manufacturer of combines

.70bp tractors. The transmis-sions have heen jointly designed hy tha two compa-

industrial lines to heip give dealers higher margins. Ford New Holland has joint manufacturing or supply deals with other companies. Out of its 90,000 tractor sales, 13,000 last year were so-called com-pact tractors up to about 40hp made for Ford by Shibaura in Japan. Mr Moglia said there were no plans to sell higher horsepower Shibaura tractors but that did.

entered into an agreement recently to buy from Kubota of Japan several thousand trans-missions a year for 40hp to

not mean that this possibility had been ruled out. The US company also

some extra types of equipment - by acquisition - to its industrial lines to help give

between 7 and 8 per cent for the whole of 1988. This would raise its overall market share by one percent-age point in an industry that has seen some recovery from the catastrophic slide in farm demand at the start of the 1990.

the UK to make and market beverage bottles in Europe. Excluding that gain, third-quarter profits were slightly lower. Lawson Mardon said this was largely because it had been difficult to pass on the sharp rise in raw material costs in the plastic flexible packaging business and because of the absence of prof-its from the North American forms business, sold during the first half of the year. Good performances were

In the nine months so far

this year, after-tax profits are ahead by 69.3 per cent to

water of the second second second

activities.

C\$32.5m.

Mr Pebereau indicated yes-terday that if talks with Societé Générale's management failed to unblock the situ-ation, he would envisage nego-tiating directly with the privatised bank's other share-holders. He also did not rule Good performances were achieved by the North Ameri-can packaging operation, where margins are rising, and tha European rigid plastics

I am not involved in any political operation. Why should I be bothered? It would be com-pletely foolish," said Mr Dalle. Referring to Mr Descours and Mr Leven, Mr Dalle said he had ioned "two old friende" in the out further purchases of Société Générale shares. joined "two old friends" in the investment. "We are three 70-The French banking commit-tee yesterday gave Mr Peber-eau full authorisation to raise year-old golden boys who want to do husiness," Mr Dalle his stake in Société Générale

suspicious of Mr Peberean's intentions and underlined its

opposition to the presence of the state Caisse des Depôts

financial institution as one of Mr Pebereau's allies. Société

Générale also reaffirmed its

opposition to the presence of a dominant shareholder in its

However, Mr Pebereau's conabove 10 per cent.



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In mergers and acquisitions, failing to make the distinction between price and value is like turning your back on reality.

INTERNATIONAL COMPANIES AND FINANCE

Générale in Valeo pulls out of fray for Epeda Montagne

By Paul Betts in Paris

24

stake talks

SOCIETE GENERALE de

Belgique, the Belgian bolding company, and a group of share-holders in Vieille-Montagne,

the Belgian zinc producer, have had contacts on the possi-ble sale to La Générale of

Vieille-Montagne stock, La

Générale said. La Générale's statement fol-

lowed several weeks of stock market speculation that the

shareholders, thought to be a group of Flemish investors,

were trying to sell at least part of their stake in

Vieille-Montsgne. The shareholding, thought to be around 25 per cent of Vieille-Montagne's stock, is held via Flin, s Luxembourg-based bolding company

La Générale has a stake of 51

La Générale is in the throes

of drawing up a reorganisation of its boldings, including those

in non-ferrous metals. Analysts said the possible purchase of Visille-Montagne stock might

per cent in Vieille-Montagne via Union Miniere, its non-fer-

based holding company.

rous metals subsidiary.

be part of those plans.

By Our Financial Staff

MR NOEL GOUTARD, chairman of Valeo, France's leading car components group, yesterday threw in the towel in his hostile bid for control of Epeda-Bertrand Faure, the diversified French car seat manufacturer. He confirmed that Valeo did

not plan to top the FF4.3bn (\$703m) bid for Epeda launched last week by Mr Pierre Richier, the chairman of Epeda, with a group of financial and indus-trial partners, including the Peugeot car group and the Michelin tyre company.

The opposition of Peugeot and also of Renault to the Valeo bid had tilted the bal-

ance, Mr Gontard said. Between them. Peugeot and Renault accounted for nearly half Valeo's annual sales of FFri6bn. "In our business, the cus-

tomer is always right and that is why we have decided not to pursue the takeover bid," Mr Goutard explained.

However, he expressed regrets that Valeo, which is under the management control of Mr Carlo De Benedetti, the Italian businessman, was not able to go ahead with its take-over bid.

venture with Acustar, Chrys-Epeda and helped the French car components group in its efforts to build up its critical mass. "But Valeo has no intention of entering into unreasonable bidding battles nor chal-lenge the wishes of its main

would increase its overall diri-over by the end of this year by about FFr1.5bn a year. He disclosed that Valeo was negotiating a joint venture in the car components sector with a Japanese group in Spain and was close to finalizing a joint

Benckiser in Italian bid

that it was in talks with Pani-gal's owners with a view to taking over the company. Last May Henkel lost out to

Italian household cleaning products company. Benckiser said it expected to generate DM600m (\$335m) in turnover in Italy this year out of total sales of DM1.9bn.

Caution on full-year by Karstadt By Our Financial Staff

WULL-YEAR net earnings at Karstadt, West Germany's largest department store chain, will be lower than in 1987 despite higher profitabil-ity of its subsidiaries, the comcent increase in consolidated earnings this year to a record SFr333m (\$222m). The company, with an annual capacity of 43.5m tonnes of cement, lifted group profits by 21 per cent in 1967 to SFr289m. Total income of the holding company, Holderbank Financière Glarus, is expected to go up by 18 per cent in 1968 pany said yesterday in its

pany sain yesteraly in its interim report. Karstadt said rising costs of modernising its network of stores and restructuring distri-bution within the company would cause "considerable pressures" on earnings. Last pressures on earnings, Last year, Karstadt's parent com-pany net income rose 45 per cent to DM119.8m (\$67m) from DM82.6m in 1986. Group earn-ings soared 75.3 per cent, to DM171.6m from DM97.9m.

ing director, said group turn-over should rise this year from SFr3.68bn to more than Sales at the parent company, excluding travel services, rose 3.1 per cent in the first nine-months of 1988 to DM6.86bn from DM6.65bn in the year-earlier period.

Karstadt's mail order unit, Neckermann Versand, which had returned to profitability in 1987, posted a 7.4 per cent increase in sales in the first nine months, to DM1.292bn from 1.202bn from 1.208bn.

Holderbank sees record earnings

By John Wicks in Zurich HOLDERBANK, the Swiss-owned group which is the world's biggest cament pro-ducer, expects a further 15 per cent increase in consolidated

ing by only about 2.4 per cent to 35.3m tonnes of clinker and cement

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Investments should increase in 1988 by some 50 per cent to SFr480m, Mr Amstutz added, or rather more than one-balf of estimated cash-flow of SFr835m. Ha attributed this primarily to acquisitions in the field of ready-mixed concrete and aggregates, as well as to expenditure on the recently-re-

opened plant of its US subsid-iary, ideal Basic Industries, at Mobile, Alabama. This has Mobile, Alabama. This has annual capacity of 1.5m tonnes. -Among new projects, the Apasco group affiliate plans to build a 1m tonne a year cement works near Monterray in northern Mexico, to open in 1991. In the US a plant with the same capacity is due to open at Hudson, New York, in 1993.

SFr4bn. This would largely reflect higher prices, since sales volumes are seen increas-

Flat outlook for Sulzer

By John Wicks in Zurich

to go up by 18 per cent in 1988 to SFr104m and net profits by

11 per cent to SFr65m. Speaking in Zurich yester-day, Dr Max Amstutz, manag-

SULZER BROTHERS, the Swiss engineering concern, expects this year's group earn-ings to be about the same as the SF77m (\$51m)recorded for 1987. Parent company profits are also seen as being close to the 1987 figure of SFr45m. In Winterthur yesterday, Mr. Erich Müller, executive vice companies - Antomelec in Switzerland and Sulzer Morat Switzenani and Suizer Morat in Germany – have been sold. Also, 1967 had seen extraor-dinary income of SFr15m from a property sale in Switzerland, while a decline in liquid assets will this year mean a drop in betweet income

interest incom In Winterthilf Yesterday, Mr Erich Müller, executive vice president, said operational group profits should be above the 1987 level despite restruct-uring measures and divest-ments. So far this year, a gas turbines plant in Naw York State has been closed and two In the first nine months of 1988, new orders rose by 17 per cent to SFr4.05bn. This

excludes the recently acquired US medical-equipment com-pany, Intermedics, whose order books grew over the period by 14 per cent to SFr250m.

Elkem bounces back to profits

By Karen Fosell, in Oslo

ELKEM, the Norwegian metals group, returned to the black in the first nine months of 1988 with profits before extraordi-nary items of NKr392m (\$58.8m), against losses of NKr125m a year earlier. The recovery resulted from

strong demand and favourable prices for aluminium and fer-ro-alloys: Group turnover increased by 25.5 per cent to NKr6.99bn. Net extraordinary income of NKr344m boosted final pre-tax profits in the lat-est period to NKr736m.

Notice of Redemption Province de Québec US \$150,000,000 1514% Bonds Due 1989 NOTICE IS HEREBY GIVEN that in accordance with the Terms and Conditions of the Bonds the Issuer will redeem all of the Bonds at their principal amount on the next interest payment date, 15th December, 1988, when interest on the Bonds will cease to accrue.

Where there is indecision among the cautious, there is opportunity for the selective.

Approximately one year ago investors around the globe were dramatically reminded that world financial markets can go not only up, but down. Although markets have since stabilized, many

A Strong Partnership

In the year ahead, it will be critically important to have continuing access to the kind of insight that can help you keep abreast of fast-changing events.

ler's components subsidiary, to provide heating and air condi-tioning systems for Chrysler's proposed new world car known as the LX-LH. Mr Goutard added that Valeo was also in advanced discussions with another US car

sales of about FFr200m. It is also acquiring control of Clau-ser, a Spanish anti-theft device maker with sales of FFr200m.

Customers," he emphasised. However, Mr Goutard said Valeo was going ahead with a number of smaller acquisitions sions with another US car group to acquire a car compo-nents subsidiary in the US. In Europe, Valeo has just acquired Tibbe, a West German company specialising in bur-glar alarms and anti-theft devices for cars with annual and joint ventures which would increase its overall turn-

Mr Goutard argued that the deal would have made industrial sense for both Valeo and

Church's spurns offer

CHURCH'S FRIED Chicken, the Texas-based fried chicken not tender any of their shares to the Copeland offer, which is pitched at \$8 a share. store chain, said its board determined that a \$292m bid

Church's said its board con-cluded that "now may not be an appropriate time to sell the from A. Copeland Enterprises for the company was inade-quate and not in the best intercompany in view of the recent appointmant of Ernest E. Renaud as president and chief executive and the expectation that greater stockholder value ests of the company or its stockholders, writes Our Financial Staff.

The board unanimously recwill be realised in the future." ommended that stockholders

JOH. A. BENCKISER, the Ludwigshafen-based applied chemicals group, is seeking to buy Panigal, an italian familyowned detergents and food company which Henkel, another German group, has been seeking to acquire, writes Our Financial Staff.

Henkel, West Germany's largest detergents manufsc-turer, had said in late October

Benckiser in a race for a major-ity stake in Mira Lanza, the

investors remain unduly cautious and confused. It's only natural for them to feel that way and to be tentative about investing in general.

Nevertheless, at Merrill Lynch we believe that there are excellent investment opportunities available now for the selective individual.

Looking Ahead

To identify these opportunities there are several things you need. First, you require timely access to information and experienced guidance to know which opportunities best meet your financial needs.

Secondly, based upon current and anticipated worldwide market conditions, we feel a re-evaluation of your portfolio based on your financial goals is in order.

At Merrill Lynch, helping our clients formulate a long-term financial plan has always been a top priority.

Overall Recommendation

Although we remain cautious on equities as an asset class, prospects for *selected* equity markets over the next 12 months remain sound.

Merrill Lynch is confident that significant opportunities are evolving in world bond markets. The growing strength of the bond market is predicated on a variety of factors, including an anticipated moderate rise in inflation rates and relative stability in foreign exchange markets.

We are currently recommending that our clients adopt an asset allocation mix of 45% bonds, 40% equities and 15% liquid assets.

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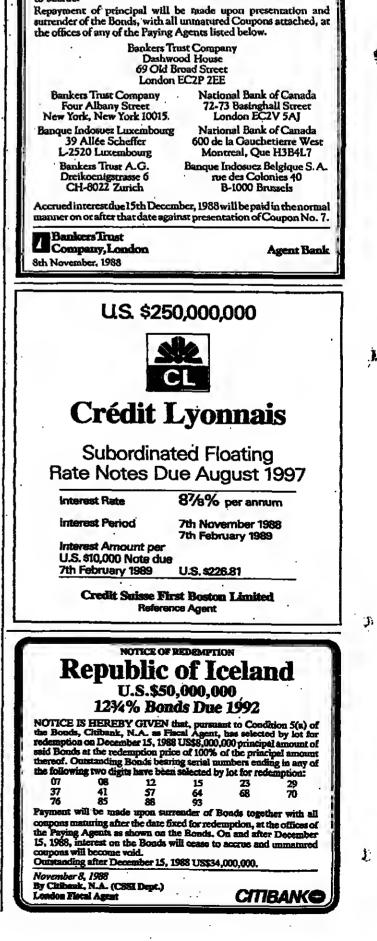
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Merrill Lynch International also has 21 offices in Canada.





INTERNATIONAL COMPANIES AND FINANCE GT Management reveal London drop in profits to £2.7 m

By Vanessa Houlder in London

MRFR & Kg

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THE STRAINS inflicted by the bear market were underlined bear market were underlined yesterday by GT Management, UK-based international invest-ment management group, which announced a sharp drop in pre-tax profits to £2.7m (\$5m) for the six months to September 30. The result was less than a third of the £8.5m profit achieved in the same period of 1966-87, and compares with the £4.3m reported for the second half of last year. GT shares closed \$p lower at 148p. GT mede progress with international diversification, however, in particular towards

however, in particular towards Japan which now accounts for 20 per cent of business, he said. The US mutual fund busi-

ness, which GT entered in mid-1987, had increased its market share and was expected to contribute to profits in 1989. profits - would con In continental Europe, where take a toll in the secon GT has set up offices in the year, he warned.

Amsterdam, Munich and Lux-embourg, the immediate cost pressures were expected to be offset by new business over the medium term.

Turnover, which fell from £25.4m to £16.1m, was depressed both by market conditions and by e £400m fall in funds under management dur-GT's results, although worse than expected, were viewed by analysis as being symptomatic of the problems faced by all fund management groups. A similar battering is expected to be revealed in the interim mainline of Homogram Adminis ing the six months to £3.2bn. Mr FitzWilliam-Lay said this was reflected in the loss of

institutional clients and, in particular, the loss of one major foreign account. Costs were reduced from results of Henderson Adminis-tration which will be announced today. Mr David FitzWilliam-Lay, Ch chief countries could be more £16.9m to £13.4m, due to salary cuts, a 5 per cent reduction in

employees. The UK unit trust business, which accounts for about 11 GT chief executive, said he was optimistic about the long-term per cent of the group, had a "much more difficult" period. It suffered because of future, but did not expect a recovery by the year-end.

Changes in unit trust deal-ing rules in July, which stopped managers from dealing in units of their own funds increased competition, changes in dealing rules, and little new investment from the public and compliance costs. Mr FitzWilliam-Lay said GT, recently subject of bid specula-- formerly a major source of profits - would continue to

tion, had received no serious take a toll in the second half of approaches

backs share dealing clamp down By Clive Wolman in London

LONDON'S Stock Enchange is considering wider sanctions against market-makers who seek to deal at more favoura-hie prices than those they pub-

he prices than those they pub-licly display. Mr Hugh Smith, new Stock Exchenge chairmen, announced the move yesterday following his formal election to the post. Mr Smith was elected without opposition. He strongly defended the controversial draft rules pub-lished 12 days ago which will make it more difficult for pri-vate firms to compete against Saef, the Stock Exchange's automated share dealing ser-vice, when it starts in Febru-ary.

ary. The new rules, he said, are The new rules, he said, are designed to stop share transac-tions being diverted to those market-makers which do not display the most favourable prices on their screens, but merely offer to match the best prices quoted by their rivals. The two firms likely to be most damaged by the new rules are Barclays de Zoete Wedd and Kleinwort Benson. Both abready offer an auto-

as expected. Analysts think it unlikely the company will renew its bid for S&W Berisford, UK sugar producer and commodities dealer, which it abandoned Both already offer an automated share dealing service which allows smaller pur-chases and sales of shares to be transacted through computafter the October 1987 stock ers without human intervention

The present draft rule will prevent them from accepting orders for shares through their automated services unless they are quoting the

Exchange UK Equity Market Committee was now considering extending the ban to deals in which orders from small investors are taken over the

transactions with institutional investors where the price was subject to negotiation, he said. He denied accusations that the new rules were designed to give Saef an unfair competitive advantage over the systems run by BZW and Kleinwort,

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ABF results modest at £89.3m

surplus funds - now worth

By Clare Pearson in London

ASSOCIATED British Foods, ASSOCIATED British Foods, the milling and baking con-cern, yesterday disappointed the most modest expectations in the City, London's financial sector, with its interim results. Pre-tax profits emerged just 8 per cent higher at £89.3m (\$157.7m) for the six months to October 1. Analysts had expec-ted between £90m and £95m. The lackinstre results, which

followed a slowing in profits growth in the previous financial year, was seen as increasing pressure on ABF to use its

well over 1900m - to make acquisitions. The main reason profits fell short of analysts' expectations

ing £31.9m in the same period last year. The company blamed interest rate fluctuations during the late summer.

was a lower than expected rise in investment income to £35m which came after a disappoint-

market crash. Under takeover rules, it is free this week to launch a new offer, but Mr Garry Weston, chanman, made no reference to acquisition pol-Trading results, which reflected stiff competition in

icy in his interim statemen ABF's shares shed 6p to baking and a mixed perforclose at 319p yesterday. Lex, Page 24; Details, Page 26 mance elsewhere, were largely

Banks to pay current account interest

By David Lascelles, Banking Editor, in London

NATIONAL Westminster and Barclays, the UK's two largest clearing banks, yesterday announced plans to pay inter-est on current accounts, follow-ing the lead set by Lloyds Bank two weeks ago.

The two banks said they would introduce interest-bearing current account "pack-ages" early next year. These are expected to include free ages" early next year. These deputy director of UK retail are expected to include free services, said his bank's banking for accounts kept in . account would be similar to

Canada

credit, an overdraft facility, and use of debit or credit cards. Mr Derek Wanless, head of personal banking at NatWest,

said the account would be "competitive and attractive, and will offer value for money. Mr Chris Lendrum, Barclays

accounts offered by building societies but would give access to additional services "obtain-able only from a bank." "There are no half measures in our plans," he said. "We are intent on neutralising the building societies' advance into

our territory." Midland Bank is also considering a package of accounts but has made no formal announcements.

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best or equal the best prices for those shares on Seaq, the Stock Exchange price quotation service. Mr Smith said the Stock

telephone. The ban could not, however, be extended to larger share

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MARS

As solid as some gold appears, if it does not enjoy universal

recognition, you may find yourself at a disadvantage when you try to trade it. It is important to know that your gold is as good as cash anywhere in the world where gold is traded, without a time-consuming and costly assay. As the largest-selling bullion investment coin, the Gold Maple Leaf can meet this demand. Each Gold Maple Leaf coin is 999.9/1000 fine pure gold, and is legal tender at its face value. Independent tests have even



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shown that the Royal Canadian Mint gives a little gold away to guarantee each coin's minimum weight. Because of the large numbers sold, its unquestioned reputation, and the government guarantee of weight and purity control, the Gold Maple Leaf is now a standard by which other gold products are measured.

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The Gold Maple Leaf. The world's gold coin standard.

gold is traded. Be sure to weigh the advantages of The Gold Maple Leaf - all of which add up to make it, with over 11 million ounces sold. the best-selling investment coin in the world today. And, just maybe worth even more to you than its weight in gold.



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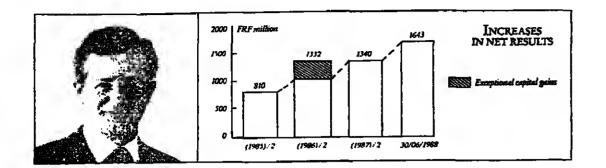
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SOCIÉTÉ GÉNÉRALE FIRST HALF OF 1988, THE RESULTS YOU HAVE BEEN WAITING FOR:



The Société Générale Group achieved a 21 % increase in profits despite growing competition between banks, unfavourable stock market conditions and a further substantial increase in provisions.

26

SUSTAINED ACTIVITY IN THE FIRST HALF OF THE YEAR

Deposits have risen by 6.7%, and outstanding loans by 10.4%. The increase in loans to private customers was particularly marked.(26% compared with the first half of 1987 in the case of Société Générale's domestic network).

Specialised financing and capital market activities have also increased significantly

A MARKED INCREASE IN RESULTS

- Net banking income: 6.4% higher than in the first half of 1987.
- Administrative expenses: up 7.4% compared with the first half of 1987. This rise is

due mainly to the development of both French and foreign subsidiaries engaged in specialised financing and capital market activity.

- Gross operating profits: FF 4,776 million, up 4 % on the first half of 1987.

- Net profit: FF 1,643 million, up 22.6 % compared with the first half of 1987, of which the Société Générale Group's share is FF 1,438 million (up 21 %).

INCREASE IN SHAREHOLDERS' EQUITY

Shareholders' equity has increased by 5.8% since 31 December 1987 and by 11.7% over the year. After the dividend payment in the form of shares and the September issue of convertible bonds, the potential increase in shareholders' equity is equal to 21.4% of the equity on 30 June 1988.

For further information please contact our "Shareholders Information Service" in Paris, telephone: 33.1.40.98.52.16.

SOCIÉTÉ GÉNÉRALE

INTERNATIONAL COMPANIES AND FINANCE

Japanese fibre maker lifts Transport pre-tax profits by 65.7%

By Gordon Cramb in Tokyo

TORAY INDUSTRIES, the Japanese market leader in syn-thetic fibres, drew benefit from sustained domestic demand in the first half to September and an expansion of its plastics and chemicals side, but bottom-line earnings were hit by a Y10bn write-off on a subsidiary's debt. At the pre-tax level, profits jumped 65.7 per cent to Y26.9bn. Net earnings, however, were ahead by only 5.9 per cent_at Y7.8bn. This reflected Toray's decision to clear its books of the remain-der of a debt, originally some Y25bn, which was incurred 10 years ago by Ichimura Indus-try, an unlisted trading bouse offshoot, and was subsequently transfarred alsewhere in the Sales rose 3.5 per cent to

By Gordon Cramb in Tokyo

TOYODA AUTOMATIC Loom

Works, an affiliate of Toyota Motor and a leading producer of fork-lift trucks as well as textile and other industrial machinery, boosted pre-tax profits 21 per cent in the six

months to September to reach

Sales rose by a similar 21.4

per cent to Y211.5bn, and at the operating level profits were ahead by nearly 48 per cent.

The company said yesterday

By Gordon Cramb in Tokyo

PROFIT DOWNTURNS were

announced yesterday by two Japanese pharmaceutical man-

ufacturers, reflecting cuts in product prices imposed by the country's health authorities as

well as greater competition from other companies diversi-

Shionogi, a leading maker of antihiotics, showed a 7.3 per

tying into the industry.

Y10.4bn.

Y280.4bn. Toray's textile exports continued to decline because of the strength of the yen, but this was offset by an 8.2 per cent growth in its increasingly important non-fibre oparations. These now account for 42.5 per cent of the company's business and include the development of specialised engineering plas-tics, membranes and pharmacenticals.

The company experienced greater domestic demand for its clothing and industrial fibres and for those for use in the Japan's booming construction sector. In August, Toray and Du Pont, the largest US chemicals manufacturer, together invested Y10bn to set m a Japanese plant for producing Kevlar, an aramid fibre

Toyota affiliate performs well

that financing costs had, how-

ever, increased, partly as a

result of a convertible bond

Toyoda was earlier this year

the subject of a greenmail

attempt, when a stake was accumulated by Nihon Land, an investment company which subsequently collapsed. The shares were bought back by

Last month the two group companies joined to invest

Price cuts hit drug companies

cent fall in pre-tax profits to Y14.6bn for the half-year to

September, Sales were up by

just under 1 per cent to Y105.8bn, buoyed by a Y4.3bn initial contribution from Flu-

marin, a new antibiotic which it hopes to license abroad. The

drug is expected to represent more than 6 per cent of full-year sales. Pre-tax profits are

the Toyota parent.

used to reinforce tyres, hoses and belts. For the full year to next

For the full year to next March, Toray forecast pre-tax profits up 39.6 per cent to Y52bn and net earnings of Y20bn, a rise of 23.3 per cent. Sales are projected to grow 3.4 per cent to Y560kn. Mitsubishi Rayon, another large maker of acrylics, lifted its pre-tax profits 5.8 per cent in the same period to Y4bn -an increase which it said stemmed mainly from the pro-ceeds of a bond issue. Fibres, suffered from low-cost imports but its resins business did well. Sales were up 3.9 per cent overindustry has been investing heavily in modernising its faciliti Nippon Express boosted interim pre-tax profits by a third to Y11.8bn from X8.8bn, les were up 3.9 per cent overall to Y98.3bn.

The company expects fullyear profits up 3 per cent to Y9bn on turnover ahead by a similar margin to Y200bn.

\$37m to build a fork-lift truck plant in the US.

Industrial vehicles were

among Toyoda's strongest per formers during tha period

with sales up by more than a

upwards its forecast for the full year, and now expects pre-tax profits to reach Y21bn,

equal to a rise of 14.8 per cent, on sales 14.2 per cent higher at Y420bn.

forecast to emerge marginally higher at Y29.5bn for 1988-89.

tionally active smaller pro-ducer, also expects to end the

full year on an upward trend,

projecting taxable earnings up 3.1 per cent to Y23bn after a

15.8 per cent first-half setback to Y12bn, Sales rose 4 per cent

2 Y97.6bn.

Tanabe Saiyaku, an interna

The company has revised

quarter.

thurn to Y11.80n from X8.800, as revenues rose 8.6 per cent to Y430.40n. For the full year, the com-pany expects profits to reach Y2.50n from the previous Y23.80n, on sales ahead 7.5 per cent to Y993.90n. At Yamsin Transport, which At Yamato Transport, which specialises in door-to-door par-cel deliveries, in which it is the national market leader, profits were up 13.1 per cent to Y4.1bn before tax. Sales were 19.8 per cent higher at 19.8 per cent higher at 19.3 Jun. Yamato's full-year projection is for a 15.3 per cent profits rise to Y10.60n, with sales 15.2 per cent higher at

companies

solid growth

By Gordon Cramb in Tokyo

JAPAN'S TWO top transport companies yesterday reported a solid profit growth for the six months to September, a period during which the coun-try's distribution services inductry has been investing

report

YS10bn. Y3100m. The transport sector, seek-ing ways to expand in the face of pressure from customers to hold freight rates down, is rationalising warehouse operations and introducing new services such as value added networks (Vans). These networks, built on in-house data transfer systems, allow automatic settlement of transport fees, as well as offering manufacturers and distribu-tors a direct consumer sales

service In addition, Yamato this summer launched a refrigerand parcels service for perish-ables, investing an estimated Y15bn in equipment. Interim dividends at the two

companies are being maintained.

Nippon Express is paying Y2.50, from net earnings per share of Y4.18, compared with Y3.83, while Yamato is paying Y4.75 from earnings of Y9.19 Against Y8.90.

South African hotel chain returns to profit

By Jim Jones in Johannesburg

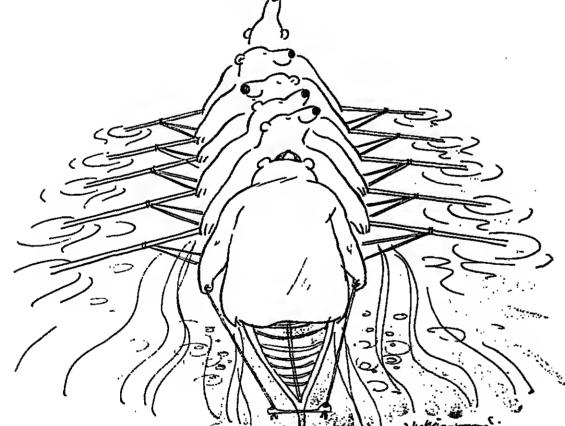
IMPROVED DOMESTIC business travel business and an increase in the number of foreign visitors have combined to restore Southern Sun, the South African hotel chain, to interim profits. Mr Bruno Corte, the managing director, says room occu-pancy rates rose to 59 per cent in the six months to September 30, from 54 per cent in the corresponding period of 1987. He expects better occupancy rates during the second balf, the summer holiday period. First half turnover increased to R168m in the six months to September 30, 1988, from R136m in the corresponding period of 1987. The interim operating profit before rental,

Hong Kong utility in which the Kadoorle family is the leading shareholder, has reported net leasing and tax charges rose to R23.6m; from R38.6m, and the interim pre-tax profit was R86,000, against last year's interim. R5.9m. Last financial year, turnover was R314m, operating profit was R58.3m and pre-tax profit was R6.1m. The hotel industry as a whole recorded average room occupancy rates of 53 per cent during the first eight months of calendar 1988, up from 49 per cent in the first eight months of 1987. Southern Sun's first half China Light operates under a earnings were 2.3 cents a share, against last year's interim deficit of 5.4 cents. There is no interim dividend. The company is South African Breweries subsidiary.

China Light advances 9% By Michael Marray in Hong Kong CHINA LIGHT and Power, the government-control scheme

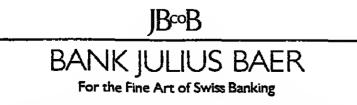
and has an exclusive franchise to, supply electricity to Kowloon and the New Territories. profits of HK\$1.83bn. It also sells electricity to cns-(US\$234.6m) for the year ended., tomers across the border in 30 September, an increase of China.

9.3 per cent over the previous Hong Kong Nuclear Invest-year. The result was in line ment, the wholly owned sub-



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Nampak jumps to record

curbs restrict demand.

The year's turnover was

R2.53bn (\$1.03bn) against R2.07bn in the previous year. Operating profit before tax and

interest was R310.9m against R242.2m and the pre-tax profit rose to R298.3m from R231.4m.

Earnings increased to 358

cents a share from 262 cents

and the year's dividend has been lifted to 133 cents from

100 cents.

By Jim Jones in Johannesburg

NAMPAK, the South African interest rates and tighter credit packaging company which is part of the Barlow Rand group, raised turnover and profits to record levels in the financial year to September 30 but does not say if it expects buoyant trading to persist.

Industry analysts in Johannesburg say packaging compa-nies have benefited from strong consumer demand but are likely to suffer as higher

BTA in A\$75m bid for Sherwin By Our Financial Staff

THE BATTLE for control of Sherwin Pastoral, the Australian beef producer, took a new twist yesterday when Bankers Trust Australia, an investment bank owned by Bankers Trust of the US, said it would bid A\$75m (US\$62m) for the company.

Bankers Trust said in a statement that, acting as trustee of BTA No 3 Property Trust, it would pay A\$1.05 for each Sherwin share. The offer follows a proposed

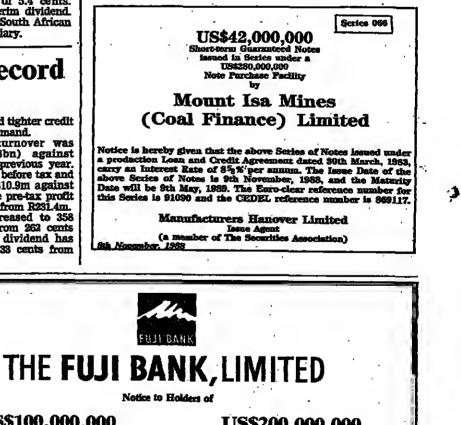
A\$1.02-a-share bid announced last month by Mr Robert Holmes à Court, the Australian financier, and an 88 cents-ashare offer from Elders IXL. the Australian brewing, agri-business, financial services and resources company.

Sherwin shares traded at A\$1.04 on the Australian Stock Exchange yesterday.

Bankers Trust's bid is conditional on gaining 50.001 per cent acceptance and on the directors of Sherwin making a public statement to the effe that the number of branded cattle owned by Sherwin and its subsidiaries at the end of October was at least 320,000. Mr Holmes a Court's bid also depends on Sherwin allowing an independent cattle count

sidiary, has a 25 per cent stake with expectations. A final dividend of 27 cents. per share has been declared, bringing total dividends for the year to 72 cents, compared with 60 cents last year. There will also be a bonus issue of one share for every five held.

in the Guangdong Nuclear Power joint venture company, currently building a nuclear power station at Daya Bay in Guangdong province. The plant will supply electricity to Hong Kong and China from 1993



US\$100.000.000

2³/₄ per cent. **Convertible Bonds 2000**

Pursuant to Chuses 6(E) and (ED(xiii) of the Trust Deed (the "Trust Deed") dated 20th September, 1985, in respect of the above issue, notice is hereby given as follows;

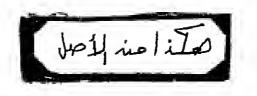
- L On 20th September and 6th October, 1968, the Board of Directors of the Bank resolved to issue 50,000,000 shares of common stock of the Bank as of 29th October, 1988, at the issue price of Yen 3,032 per Share.
- 2. Accordingly, the Conversion Price of the Convertible Bonds was adjusted pursuant to Clause 6(H) of the Trust Deed effective as from. the 29th October, 1988 Tokyo Time. The Conversion Price before adjustment was Yes 1,545.00 per Share and the Conversion Price after adjustment is Yen 1,543.90 per Share.

US\$200,000,000

1¾ per cent. **Convertible Bonds 2002**

ut to Clauses 6(E) and (E)(xiii) of the Purs Trust Deed (the "Trust Deed") dated 28th October, 1987, in respect of the above issue, notice is hereby given as follows:

- 1. On 20th September and 6th October, 1988, the Board of Directors of the Bank resolved to issue 50,000,000 shares of common stock of the Bank as of 29th October, 1988, at the issue price of Yea 3,632 per Share,
- 2. Accordingly, the Conversion Price of the Convertible Bonds was adjusted pursuant to Clause 6(H) of the Trust Deed effective as from the 29th October, 1988 Tokyo Time. The Conversion Price before adjustment was kin 3,245.70 per Share and the Conversion Price after adjustment is Yes 3,243.40 per Share.
 - The Fuji Bank, Limited 5-5 Otemachi 1-chome. Chiyoda-ku, Tokyo, Japa



D-MARK YEN

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orea North

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The table below gives the latest available rates of exchange (rounded) a rates except where they are shown to be off

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FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

FT GUIDE TO WORLD CURRENCIES

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nded) against four key currencies on Monday November 7,1988 . In some cases the rate is nominal. Market rates are the average of buying and sell, be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

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INTERNATIONAL CAPITAL MARKETS Sydney futures exchange in landmark Chicago link

By Chris Sherwell in Sydney

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THE SYDNEY futures exchange expects increased US trading in its contracts following a landmark decision by the Commodity Futures Trading Commission (CFTC), the US exchange have now been granted an exemption allowing

Commission (CFTC), the US futures regulatory body. The CFTC's ruling gives non-US members of the Sydney exchange permission to offer their products to the US public mithaut the nond for registra. without the need for registration.

According to the exchange, the decision makes it the first in the world to gain full access to the US for the sale and marketing of its futures and options contracts. It follows similar approvals won by the exchange in the UK. The Sydney exchange first petitioned the CFTC for such a

Crédit Suisse chief backs

stamp tax curbs

MR ROBERT A. JEKER, president of Crédit Suisse, the Swiss bank, has added his voice to demands for urgent reform of Swiss stamp duty,

In a newspaper leading article, Mr Jeker calls on the

AP-DJ reports.

decision in October 1987, three months after the agency intro-duced, rules which required disputes.

brokers marketing non-US futures and options to US resi-dents to be registered with it. undertake Members of the Sydney

ance with The C approval them to advertise and offer for sale any exchange product except those relating to the All-Ordinaries Index, the wide-ly-watched Australian stock products i a final options in sion rega tracts was weekend.

market indicator. The conditions attached to In term the exemption are that the Futures H exchange members consent to jurisdiction under the US Combehind the it is enjo individual indication in the second server to open books to the CFTC and US Justice Department, pro-vide details of US subsidiaries year in volumes and claums to be the leading futures and options exchange in the Asla-Pacific region.

and agree to US arbitration in The Sydney exchange must also certify that a member is of good standing and it must Balance

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ty that a member 18 of		202.00
nding and it must to monitor compli- tits regulations. FTC gave intarim	Balearic Is (So Peseta) Bangladesh (Taka) Barbados (Barb S)	0.6669 208.50 55.20
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s of size, the Sydney Exchange ranks far le US exchanges. But bying another record	Brunel (Brunel S) Bulgaria (Lev) Borkino Faso (CFA Fr)	33023 14461 54025 112754
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Richange formally opened yes-terday its London office, which will spearhead efforts to encourage European compa-nies to list on the exchange. Competition is intensifying among US stock exchanges to by foreign compa-this year, Nasdaq, 1 Association of alers' automated

Turnover in foreign issues, mostly American depositary ent exchange in London, while the smaller American Stock Exchange has receipts, totalled \$75.4bn last year, compared with \$27.3bn for Nasdaq. also moved its European office

agreed to list ADRs in French government bonds, known as OATs, the first such listing in the US.

Colombia (Col Peso) Comoro is (CFA Fr) Congo IBrazzi (CFA Fr) Costa Rica (Colon) Cuba (Cuban Reso) Cyprus (Cyprus D) Czechosłovakia (Koruma)	540.25 304. 540.25 304. 139.0628 78.3 1.3492 0.75 0.8280 0.46	17230 182.6077 12804 170.5603 22804 170.5603 3231 43.9030 598 0.4259 563 0.2614 506 2.9992 556 5.2217	2,9936 261,1331 243,9051 243,9051 62,7823 0,6091 0,3738 4,2889 7,4672 7,1918	Madeira (Port Escudni Malawi (Kwacha) Malawi (Kwacha) Malaysia (Ringshi) Malikay (Ringshi) Malikay (ChaFr) Malta (Maltese D) Marrinique (Local Fr) Mauritania (Ougulya)	14.2528 252.50 2134.77 4.5825 4.7613 15.5892 540.25 0.5895 10.8050 139.8776.	8 0274 147.8456 1202 3486 2.5809 2.6816 8.7801 304.2804 0.3320 6.0856 78.7820	4.4997 82.8729 673.9605 1.4467 1.5031 4.9216 170.5603 0.1861 3.4112 44.1602	6.4346 118.5101 963 7787 2.0688 2.1495 7.0380 243 9052 0.2661 4.8781 63.1501
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France (Fri Fr. Cty/Africa (CFA Fr) Fr. Gulana (Local Fr)	12.2025 6.87 2.5067 1.41 7.4728 4.20 10.8050 6.08 540.25 304. 10.8050 6.08	27 3.8524 118 0.7913 188 2.3592 186 3.4112 2804 170.5603 156 3.4112	0.4514 5.5090 1.1316 3.3737 4.8781 243.9051 4.8781 88.2392	Nemeria (Nemericse Ruped) Nemeriandis (Golider) N'nd Antilles (A/Gulider) Nicaragua ICordoba) Nicaragua ICordoba) Nigeragua ICordoba Nigera (Natra) Norway (Nor. Krose)	567.68 540.25	23.9459 2.0121 1.7859 1.6023 319.7296 304.2804 4.7432 6.5431	13.4225 1.1278 1.0011 0.8981 179.2202 170.5603 2.6587 3.7237	19.1945 1.6128 1.4316 1.2844 256.2889 243.9051 3.8021 5.3250
Germany East (Ostmark) Germany West (Ostmark)	12.5954 7.09 3.1675 1.78 3.1675 1.78	40 3.9764 40 1	243.9051 5.6864 1.4300 1.4300 183.5846	Oman (Riai Omani) Pakistan (Pak. Rupee) Panama (Balboa) Papua New Guinea (Kina)	32.40	18.2483	0.2148 10.2288 0.5605 0.4728	0.3072 14.6275 0.8015 0.6762
Gibraltar (Cih fi			0.4514	Paraguay (GuaranD	567.680	319.72%	179.2202	256.2889

) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential Imports; (g) Financial rate; (b) Exports; (i) Non commercial rate; (j) Buying rate; (c) Lixuary goods; (m) Markot, rate; (d) Official rate; (p) preferential rate; (g) convertible rate; (r) parallel rate; (s) Selling rate; (l) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre, Enguiries; 01 634 4360/5. Monday 7 November, 1988 62 Ba

567.680 1749.16a

319.72% 985.1647



This announcement appears as a matter of record only.

article, Mr Jeker Calls on the	Competition
Government to repeal tha	among US sto
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trading positions of traders	
and dealers, on Eurobond	the National
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He writes: "If no changes"	nised investm

to digge Touster a He write are made, then banks in Lux-embourg and London (and to that belongs filials and sister companies of Swiss banks) and and and a total nin far per A POLE their coffers will profit. If changes are quickly made, then Switzerland as a financial and a ten centre will profit." the state building and

Listed are the latest international bonds

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US DOLLAR		•	Ċ	enge	-				losing	- (Cha
STRAIGHTS ·	Incord	BW				Yield		Issued	Bid	Offer	
Abbey National 712 92.						9.36	Belgium 51 92				
Amer, Brands 87, 92,			964				Belgium 45 94		984	984	-0
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to London, from Amsterdam. The opening of the London office, to be headed by Mr

Edmund Lukas, comes as the outstanding shares listed on

By Stephen Fidler, Euromarkets Correspondent THE NEW YORK Stock US exchanges shrink dramatically as the number and scale of leveraged takeovers and buyouts grows. NYSE officials say that this retirement of public ly-quoted equity has been one factor in their decision to encourage non-US companies to list. The NYSE, the largest exchange in the US, claims the highest turnover in non-US stem, was given equities. act as a recog-

Gembla (Dalaso Germany East (Ostmark) Germany West (Ostmark) Glona (Cedo Gibraltar (Gib £) The NYSE has also recently

•	STRAIGHTS Jam Arican Dev. Bb. 5 96	and Bid Offer day weak Yield 150 (1014) 102 -04, 404, 4.72 100 (100 $\frac{1}{3}$ 102 -04, 404, 4.72 100 (100 $\frac{1}{3}$ 101 0 -05, 4.95 100 (1954, 97-04, -04, 4.64 150 (1954, 974, -04, -04, 4.52 100 (178 1954, 0 -04, 4.04 150 (1954, 974, -04, -04, 4.57 150 (1954, 974, -04, -04, 4.57 150 (195, 974, -04, -04, 4.72 200 (195, 974, -04, -04, 4.72 200 (195, 964, 0 -40, 5.48 100 (197 975, 0 -04, 5.48 100 (197 975, 0 -04, 5.48 100 (197, 975, 0 -04, 5.48 100 (197, 975, 0 -04, 4.95 200 (198, 99, 0 -04, 4.44 75 (100, 101, -04, 03, 4.95 150 (195, 974, -04, 0 -5.28 150 (195, 90, 0 -04, 4.94 150 (195, 90, 0 -04, 4.94 150 (195, 90, 0 -04, 4.94 150 (196, 96, 0 -04, 4.94 150 (196, 0 -04, 0 -04, 0 -04, 4.94 150 (196, 0 -04, 0 -04, 0 -04, 0 -04, 4.94 150 (196, 0 -04, 0	Converting Conv Conv
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£150,000,000

18 year Fixed Rate Multi-Currency Credit Facility for its participation in the development of the Airbus A-320

provided by



European Investment Bank

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FINANCIAL TIMES TUESDAY NOVEMBER & 1986

INTERNATIONAL CAPITAL MARKETS

Canadian issues fall headlong following opinion poll | Tax confusion

By Norma Cohen in London and Janet Bush in New York

CANADIAN government bond prices shed up to two points in active trading following publi-cation of the latest Gallup poll showing the opposition Liberal Party, which has vowed to veto the US-Canada free trade agreement, leading the ruling Conservatives by about 12 percentage points. The survey, two weeks

GOVERNMENT BONDS

ahead of a national election, prompted a drop in the currency so steep that the Bank of Canada and the Bank of England were seen intervening to support the Canadian dollar. The currency bottomed at 80.87

US cents. Tbe movement in bond prices was particularly dramatic among longer maturi-ties. For instance, the 10 per cent bonds due 2008 closed at 99 hid, down from Friday's closing hid of 101. Bond prices had been slipping all last week, along with the currency, as Canadian news organisations released opinion polls showing the Liberal Party gaining ground.

But yesterday's release of

By Dominique Jackson

A NEW variation of US

asset-backed securities reached

the Eurobond market yester-day with a \$200m eight-year

issue for Stop & Shop, the US

supermarket chain, via Bank-ers Trust International. It will be used to provide working

capital for the management

43 properties owned by the

New England store chain. Previous deals from the

guarantor have been rated tri-

ple-A by both credit rating

agencies. This appears to have enabled Stop & Shop to tap the

buy-out of Stop & Shop.

INTERNATIONAL

BONDS

US retailer in novel

asset-backed offer

the prestigious Gallup poll's findings threw increasing doubt on the eventual passage of the free trade agreement, which has been responsible for much of the currency and hond market's recent strength.

US TREASURY bonds declined again yesterday in e continn-ing reaction to last Friday's ing reaction to last Friday's stronger than expected employ-ment figures, pre-election ner-vousness, a vulnerable dollar and a firm Fed funds rate. At midsession, bond prices were quoted about ½ point lower at the long end of the yield curve. The yield on the Treasury's benchmark 30-year issue rose to 8.95 per cent.

issue rose to 8.95 per cent.

coming months.

Borrower US DOLLARS

The key dampener on tha market was Friday's figures, which appeared to show con-siderable strength in the econ-omy. The US Federal Reserve did not operate in the market yesterday although Fed funds were trading et a firm 8% per cent, which prompted concern thet the Fed may tighten policy a notch. Opinion on interest rates is

still mixed but, at the least, bond traders are less optimistic that interest rates mey be rency.

	Coupon	Red Date	Price	Change	Yield	Week Ego	Mont ago
UK GILTS	13,500 8,750 9,000	9/92 9/97 10/08	109-30 94-18 39-20	-11/32 -6/32 -8/32	10.31 9.69 9.04	10.05 9,54 8,94	10.07 9.66 9.13
US TREASURY"	9.250 9,125	8/98 5/19	102-07 101-24	-11/32 -14/32	8.90 8.96	0.68 8,78	9.70 8.83
JAPAN No 105 No 2	5.000 5.700	12/97 3/07	101.8166	0.065	4,72 4,99	4.66 4.88	4.89 5.11
GERMANY	8.500	5/96	101.0500	-0.27\$	e.37	6.31	6.53
FRANCE BTAN	0.000 8.500	7/93 6/97	101.8167 99.4250	-0.324 -0.325	8.48 8.58	8.37 8.48	8.42 8.55
CANADA"	9.500	10/98	96.6250	-1.375	10.04	9,69	9,74
NETHERLANDS	6.500	7/96	101.2250	-0.450	8.36	6.29	8.40
AUSTRALIA	12.500	1/98	103.5313	0.394	11.85	11.90	11.83

NEW ZEALAND government bonds rallied modestly in very active trading, with prices recovering some of the ground lost last Friday in the one of the sharpest single-day sell-offs ever allowed to drift lower over The dollar again dipped yesterday - not a particularly welcome feature given this week's gnarterly refunding ever.

week's quarterly retunning auctions today, tomorrow and Thursday. The key 10-year auc-tion takes place the day after the presidential election, with many traders predicting an immediate test of the US cur-On Friday, turnover in the bond futures market was 1% times the previous record volume as investors were pro-voked into panic selling hy the advent of a political crisis. While Monday's trading in futures was closer to usual levels, trading in the underlying cash instruments was about twice the normal daily volume.

Yields on the broadly-traded 10 per cent government bonds 10 per cent government bonds due 1993 rose a near-record 28 basis points to close on Friday at 12.33 per cent. They recov-ered ground yesterday to close at 13.25 per cent. The slide was triggered by the decision of Mr David Lange, New Zealand's Prime Minister, to sack Mr Richard Prebble, his controversial Min-ister for State-Owned Enter-prises. Mr Prehbla, a close

prises. Mr Prehbla, a close political ally of Mr Roger Doug-las, Economics Minister, is in charge of the government's privatisation programme and commands considerable politi-cal support in parliament.

But yesterday, Mr Lange eppeared to have weathered the storm, emerging from a cahinet meeting with the announcement that there had been no vote to censure him. Mr Prebble resigned his cabi-net post yesterday as well.

WEST GERMAN government bond prices fell sharply, partly in late reaction to US employ-

ment data published last Fri-day indicating that relatively robust economic growth is continuing. Among longer dated issues, prices shed up to 45 pfennigs.

Dealers said that heavy buying in the aftermath of the West German government's decision to modify some of its plans for withholding tax had simply not materialised in the volume anticipated. Dealers had bought heavily,

expecting retail investors to pile back into the sector now that a tax avoidance technique known as "bond washing" is likely to become available.

UK GOVERNMENT gilts ended slightly lower in dull trade with activity slow ahead of the US presidential elections. While the stock shortage has helped to keep yields down, especially in the long end, bond analysts at several inter-national firms are arguing that fundamentals are not likely to

lead to lower interest rates any time in the near future. Instead, clients are being urged to awitch out of long gilts and into Eurosterling and bulldog issues, where better values can be found.

halts trading in Dutch bonds

By Dominique Jackson

A MOVE by the Dutch Finance Ministry to clarify the tax treatment of a newly developed type of guilder warrant bond has brought trading in the instruments to a halt and has left confusion as to the precise left confusion as to the precise fiscal status of the bonds. In a statement late last week, Mr Henk Koning, a junior finance minister, indi-cated that a tax loophole which had made the bonds attractive to Dutch investors would be closed in legislation due to go before parliament shortly. Reports suggesting that hold-ers of the new type of low-couers of the new type of low-cou-pon paper would be exempt from income tax on the bonds

were erroneous, he said. Four new warrant bond issues totalling Fl 550m (\$272.2m) were launched in September and October when

September and October when syndicate managers came up with the low - ½ per cent -coupon structure with war-rants attached to replace the popular practice of bond strip-ping, which will no longer be permitted from January 1. Yesterday, dealers said no business was being done in the low-coupon issues although a for othermite ware made earlier

few attempts were made earlier to pick up the paper at the sharply lower levels seen after the Finance Miniatry Stripped bonds appealed to

several Dutch individuals of high net worth because the imputed interest was deemed to be a capital gain and not subject to tax in the Netherlands. The coupons were usually bought by institutions seeking regular intereat

The driving principle behind the warrant bonds was their tax treatment.

Under current Dutch law, it is the first buyer of the war-rant who pays income tax on the difference between the issue price of the bond, with the warrant and the issue price of the bond alone, calculated by using current yield levels. If the warrants are initially placed with tax-exempt institutions, they can subsequently be sold into the market and this tax is never paid. The bonds on their own are thus



Henk Koning: to close tax loophole soon count and count as capital

gains when they are redeemed at their final maturity.

This tax treatment has been under government review for some time, with the result now

heading for parliament. Algemene Bank Nederland and Amsterdam Rotterdam Bank, which between them led three of the low-coupon war-rant deals, said yesterday they were still discussing the details of the statement with the Finance Ministry and declined to make any further comment

A senior syndicate manager et a house which was part of the co-management group on some of the deals said there had been an understanding et the time of the bonds' issue that they would offer some means of making an untaxed capital gain and that the paper was reportedly marketed to

investors as such. However, the Finance Minis-try statement said investors would either be taxed 4.6 per cent of a bond's nominal value if the paper was bought at par or taxed for the differential between the discount value of the paper and its nominal value. This could still prove an attractive option to some individuals who are liable in some cases to tax in excess of 70 per cent.

and the second	Un
Eurohond market successfully - the first US corporate to do so since investors switched their attention to credit worthi- ness and event risk among industrial borrowers in hoth the US domestic and Eurobond markets in the wake of the planned RJR Nahisco buy-out	
and Philip Morris/Kreft	EC

merger That the borrower in ques-tion is also currently caught up in a leveraged buy-out bears witness to the success of yes-terday's deal.

it carries the guarantee of Enhancing credit by secur-Financial Security Assurance and is secured by mortgages on ing the guarantee of an agency such as FSA is one method which allows this type of borrower to raise funds at competitive rates. This form of insurance not only offers en attractive credit rating but allows the borrower to come at an attractive initial yield mar-

FT-ACTUARIES SHARE INDICES

10138 Stop & Shop Finance(d) Issue Update; OSG Corp. • 200 1018 1996 30 100 1992 112/34 New Japan Secs. 5 12 (C) AUSTRALIAN DOLLARS 13 102 1993 138/58 Deutsche Bk.Cap.Mids llever Capital Corp. 100 EUTSCHE MARK hirel Finance USA" 534 101 ³8 118/12 Bank of Tokyo A.G. 60 1993 WISS FRANCS orebrand Finance "* 125 412 10012 1991 Shearson Lehman **(a)** sue Undale: aka Organic§"*(b) 158 J.Henry Schroder Bk 100 30 12(C) 1993 UILDERS 1¹₄/³₄ Amro Bank 1⁷₈/⁵₈ ABN 150 50 6¹4 6¹4 101 ½ 100 ¾ 1998 1993 chirel Finance BV+ CU 134/58 Mitsubishi Finance 101 Sa 1993 Creditanstall 100 734 YEN Nikko Secs Chrisbania Bank 5bn 71₂ 114.80 1993 n/a "Private placement. Sconvertible. If inal terms. With equity warrants. a)Fees 1/2 coupon/1/2 principal. b)Put fixed as follows: 31/5/91 at 10812 to yield 3.825, c)Coupon fixed as indicated.(d)Guaranteed by Financial Security Assurance & secured by mortgages on 43 Stop & Shop properties. gin over comparable govern-East and across Europe. The lead manager said it had spent some time educating investors ment bond issues. In this case, the original spread et launch over equiva-lent Treasury issues of 116 about the novel character of the issne and the deal was well bid following its formal launch basis points was cited as one of the deal's most ettractive feain London, remaining comforttures, which was bringing in investors based both in the Far obly within total fees all day. This is only the second Walter Corp by Kohlberg Kravis Roberts.

insured transaction involving LBO debt and is the first in the Eurobond market. A similar deal was conducted recently in the US domestic markets to refinance \$1.45bn of bank debt incurred in the buy-out of Jim

NEW INTERNATIONAL BOND ISSUES Book runne 138/38 Bankers Trust Int.

LADBROKE, the UK leisure and entertainment group, is raising a £500m financing which will mainly be used to refinance the short and medi-um term borrowings arising from its acquisition of Hilton International in October 1987. The financing, being arranged by Barclays de Zoete Wedd with Ladbroke's relation-ship banks, includes a £350m

standby credit and a tendar panel on which banks may bid to provide sterling bills and cash advances. The facility fee will be 6% basis points and the margin

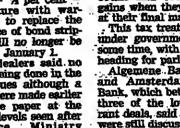
above Libor will be 12½ basis points, with a utilisation fee of 2% basis points if more than half drawn. The 5%-year financing has an evergreen option which will allow underwriting banks to extend their commitment by a further year at each anniversary,

LONDON MARKET STATISTICS COLUMN A MONTHLE STOR LONDON TRADED OPTIONS **RISES AND FALLS YESTERDAY** Rises----- Falts-----Same 1 41 PUTS CALLS British Funds

BZW arranges £500m funding for Ladbroke By Stephen Fidler

income.

effectively issued at a deep dis-



on the status of the bonds cur-rently outstanding. -

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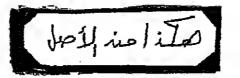
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These indices are the joint compilation of the Financial Times,			i	British Funds	CALLS IF PUTS CALLS PUTS			
the Institute of Actuaries and the Faculty of Actuaries			!!	Corporations, Dominion and Foreign Bonds	Allfred Lyons 460 29 44 56 25 30 43 Plesson 140 30 33 35 1 22 4			
EQUITY GROUPS	Monday Nover	mber 7 1988	Fri Nor 4	Thu Nov 3	Wed Yea	0 19	Corporations, Domained and Poreign boxis 0 19 32 Industrials 207 571 812 Financial and Properties 77 242 350 Oils 19 39 47 Plantations 1 0 -12 Mines 27 44 119 Others 40 78 150	
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4 Electricals (12)		3.62 12.53 42.5	4 1755.77	1761.46	2375.71 1662. 1772.34 1446.	31 -	EQUITIES	Cones, Gold 1100 145 180 230 40 60 77 Amstrad 180 16 25 - 5 10 - (*1170) 1150 1150 155 200 60 65 100 - (1157) 200 6 125 22 15 19 23 1200 85 130 175 87 105 130 - (1157) 200 6 15 22 15 19 23
6 Mechanical Engineering (57) 8 Metals and Metal Forming (7)	429.93 -0.5 10.16	4.17 12.98 12.6 3.84 12.97 10.0			433.70 301. 512.09 348.		Amment Latent 1988 Price Pain Reserve Bigs Law Stock Closing + or Ret Times Gress P.E. Price a Star Cards Tisks Rasio	Companies 280 21 20 25 10 14 20 Barcland 395 22 33 52 Companies 280 21 29 25 10 14 20 Company 395 22 33 52 Company 300 11 19 25 12 24 23 20 25 33 52
9 Motors (16) 10 Other Industrial Materials (23)	283.48 -0.7 11.87 1373.85 -0.7 9.64	4.75 9.75 9.7	5 285.35	285.49	286.93 223. 1391.04 1058.	31 (-	- F.P 88 83 Acons ise, Tst £1	Carr 330 4 10 14 46 46 52 Bin trete 420 34 50 54 5 13 18
21 CONSUMER GROUP (136) 22 Brewers and Oistillers (21)	.1066.76 -0.8 9.45	3.77 13.32 22.7		1079.44	1085.32 919.	.77	F.P. 7 3 fanalizamatel Fin. Wrmts. S 92 F.P. 105 99 vCateriaia Graup Sp	Control Union 350 28 12 22 27 40 40 Directa 149 73 14 19 0 13 14
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43 Conglomerates (12) 45 Shipping and Transport (12)	1253.04 -0.5 10.47	4.53 10.93 25.0	8 1260.51	1258.66	1258.73 998. 1947.09 1535.	37	GLR0 F.P. - 100 New Zealand lm, 752,	Marks 6 Spencer 140 21 - 25 - 2 5 2 5
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49 IND USTRIAL GROUP (480)	972.74 -0.8 10.24	4.05 12.12 23.5	9 980.31	983.44	987.08 808.	.82	4115 F.P. 14/10 128 115 (Thomson Cline Invs. 50p) 126	300 6 13 21 25 30 33 Therm EM1 640 27 46 65 14 25 37 Salrobury 180 24 31 35 21 4 7 6558 700 9 25 37 46 54 54 60 Yes 200 10 14 15 9 14 16 9 25 37 46 54 60
51 011 & Gas (12)	1728.79 -0.7 10.89 1037.19 -0.8 10.33		-		1733.07 1526.		r 100 - 25 145 Worksate Leiser 200 15	(*200) 200 10 18 24 9 14 16 Wellcome 420 39 6
61 FINANCIAL GROUP (123)	683.07 -0.8 -	5.20 - 24.4	6 693.79	694.67	696.43 567.	.01		Shell Trans. 920 54 72 87 20 43 445 ("451) 1 460 15 533 48 23 30 1 33 ("966) 10050 13 23 42 67 105 107
62 Banks (8)	. 661.98 -1.3 21.20 959.83 -0.6 - 524.17 -0.3 -	5.47 - 39.8	1 975.42	968.76	975.71 821.	.55	FIXED INTEREST STOCKS	Sparshquare (*170) 160 120 17 25 29 7 10 14 Option Dec. Apr. Jul. Dec. Apr. Jul. (*170) 1200 7 14 200 10 20 24 Boopts 220 15 24 20 8 ¹ / ₂ 11 ¹ / ₂ 15
66 Insurance (Composite) (7) 67 Insurance (Brokers) (7)	948.63 -0.7 9.40	6.80 13.35 45.0	6 955.71	955.48	968-03 709.	.92	issue Amount Lates 1998 Closing + or Price Paid Resume 1998 Stock Price + or	Tratatgar Honse 280 34 36 - 4 6 (225) 1 2401.6 1 14 1 20 21 1 23 1 26 (*31) 330 6 10 14 12 34 35 20
68 Merchant Banks (11)	352.04 -0.5 - 1238.97 -0.5 5.54	4.18 - 9.2 2.68 23.09 18.6	2 1245.37	1251.56	358.85 331. 1248.40 829.	.64 -	£ ap Date High Law £	Utid.8iscalts 220 23 34 39 14 18 25 Option Jan. Mar. Jun. Jan. Mar. Jun.
70 Other Financial (31) 71 Investment Trusts (77)	370.10 -0.0 10.28 935.50 -0.6 -	5.39 12.23 11.7 3.13 - 16.9	_		376.01 349. 938.02 756.		100.3p F.P. 101.0 99p Blackwood Hodge 9pc Cm. Pf. C1. 99 bp 100.89 F.P. 1034.0 101.0 99p Blackwood Hodge 9pc Cm. Pf. C1. 99 bp 100.89 F.P. 1034.0 105.0 Coloral Gro 9pc Cm. RH Pf. 2005 100 1025.0 100.9 F.P. 1039.0 105.0 East & Gent bpc. (Reit Cm. Pf. HP P1 105.0 100.9 F.P. 250.0 222b Grand Met. 5 75c Cr. User. Ln. 1999 230 100.9 F.P. 105.0 105.0 105.0 105.0 223.0 100.9 F.P. 105.0 105.0 105.0 105.0 105.0	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$
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	tov today 1988 1 4 to date 3	Coupons 15 years 25 years		9.26	9.23 8.8	2	36 Nil 9/12 13pm Spm Frequing Health & Beanty 2p 8pm 3pm 310 Nin 9/12 23pm 20pm Bision Facet Group 5p 20pm 20pm 45 42 Heil 8/11 Litica 2pm 2pm 2pm 35 2pm 35 10 10 3pm 4pm 4pm <td>Cost & Manuartia 200 977 40 40 10</td>	Cost & Manuartia 200 977 40 40 10
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6 All stocks 129.33 +0.02 124	9.31 - 2.85						First Dealings Nov 7 ment Oil & Gas, Unigate, Tran	Galinaest 330 12 28 36 5 13 20 FT-SE 1450 180 190 195 - 12 4 7
9 Oebentares & Leans 118.38 +0.07 118			ars	11.03	1.65 10.6 1.00 10.5 0.68 10.5		Last Declarations Feb 9 Viyelle, West Inda, Premier, Costs	Galments 330 12 28 36 5 13 20 FT-SE 1450 190 195
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CONTRACTS

Reducing nuclear waste discharge

H&G ENGINEERING, a division of Enserch Interna-tional investments, has been awarded an engineering and construction contract worth about £60m by British Nuclear Fuels for its waste packaging aod encapsulation plant (WPEP).

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This constitutes a major ele-ment in a development by BNF to reduce low active waste dis-

Controlling UK's first PWR power station

France.

A £50m plus contract for the A count plus contract for the ceotral control systems for Britain's first pressurised water reactor (PWR) nuclear power station at Sizewell, in Suffolk, has been placed by the Central Electricity Generating Board Board.

The order has been awarded to GECPIC, an Anglo-French company formed between GEC and CGEE Alsthom, of Paris.

It involves the supply of the main computer as well as anto-matic control systems, data

cessor UNISYS 1100/94

£20m.

system

The order, which covers communications processors, UNIX systems, PC networks, advanced peripherals, software

and support, is worth over

The Ministry of Defence has

awarded a contract worth over £13m to SD, defence and aero-

space arm of SD-Scicon, for an integrated communications

charges to a minimum from its Sellafield, Cumbria, site. H&G Engineering's order covers the provision of design, engineer-ing, safety, procurement and construction services for the will be transferred to a new store, with a capacity for 12,000 drums, prior to disposal. Features of the WPEP include robotic handling in the emcapsulation system, a com-puter-controlled stack storage system, and a building with construction services for the entire WPEP facility. The plant will receive effluent from npstream processing and, after mixing it with lime, will encapsulate the material

walls one metre thick. Completion of the project is scheduled for the early part of with cement in drums. These 1992

HOSKYNS FACILITIES MANAGEMENT has signed a five-year contract, currently running at 225m pa, to service and supply all of the Plessey company's existing and future information technology (IT) remtirements requirements Instrumentation

at Sizewell B

C & I SYSTEMS, a business unit of NEI Electronics of Gateshead, has been awarded a processing and instrumenta-tion for the control rooms of the £1.7 bn station. contract from CEGB worth over £20m for the process plant control and instrumentation system to be installed at Size-well B PWR nuclear power sta-tion. The systems will use control modules from the P20 range developed by CGEE Alsthom in conjunction with Electricite de

C & I sampling and analysis equipment will be installed to monitor effluent, hydrogen, carbon dioxide, vibration, sels-mic and meteorological condi-tions Design work is already under way and manufacturing will start this month. Installation on site will commence in tions. Completion is scheduled for November 1993.

Other equipment in the order includes 12 Unisys DCP59 distributed communications

processors, nearly 1000 PC workstations and associated

desktop laser printers, and sev-eral models from the Unisys U

series of minicomputers run-ning the UNIX operating sys-

LAKEY & CO

group in terms of a microfiche bureau and electronic publish-

Information

technology

agreement

Cables for

Telecom

STC, the communications and information systems group, has won orders worth £20m from British Telecom for cop-per and fibre optic telecommu-nications cables. These will be manufactured at STC Telecommnnications' South Wales plant at Newport, Gwent. The first contract is for opti-

cal fibre cable for use in British Telecom's trunk network and is believed to be the largest single contract placed in the UK for such cables. More than 1900 kilometres of cable are to be made in the next five months.

The second contract, for completion in mid 1989, is for conventional cables with copper conductors for use in British Telecom's local network. where a major programme of modernisation is under way.

Tanker order

Designed to be easily trans-portable by land or air for deployment well-forward in the battlefield, the system provides "Next-day" auto parts delivery service

General Motors Service Parts UK - parts and accessories arm Vauxhall Bedford and AC Delco - has awarded. NATIONAL CARRIERS CON-TRACT SERVICES a three-year contract worth £16m. NCCS is

increasing its "dedicated" workforce for General Motors viding a nationwide next-day parts service to 650 mainland dealers. From January, North-ern Ireland dealers will also from 70 to 150. The company will buy 80 vehicles and 65 trailers, which will cover some receive a next-day service -with an 1800 hours order deadline.

F. T. Everard Shipping has placed an order for two clean petroleum products tankers with RICHARDS (SHIPBUILD-ERS) of Lowestoft, a subsidiary of Tate & Lyle. The contract price is about £8m. Each vessel will have a deadweight of 3,000 tonnes and a service speed of 12 knots

FORSALE

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HOME IMPROVEMENT COMPANY TRADING IN SOUTH LONDON FOR SALE

Battlefield communications system selected to supply the majority of the communications hard-ware. Racal Communications communications and command and control facilities over radio in-the HF/VHF band. Features is to supply receivers and transmitter drive units, as well include automated communications and frequency manage-ment, remote control techas multi-tone modems. Racal niques, intelligent message handling and other operator

at the Society's administrative headquarters in Swindon, will

be used to process investment and mortgage accounts and to handle a wide range of MAP-PER applications. It is also planned to develop LINC appli-cations running under OS 1100.

The existing systems will be

moved to a remote site to pro-

Tacticom is to supply radio relay equipment and multiplexaids, and modems. ers based on its TACNET sys-**Racal Electronics has been** tem.

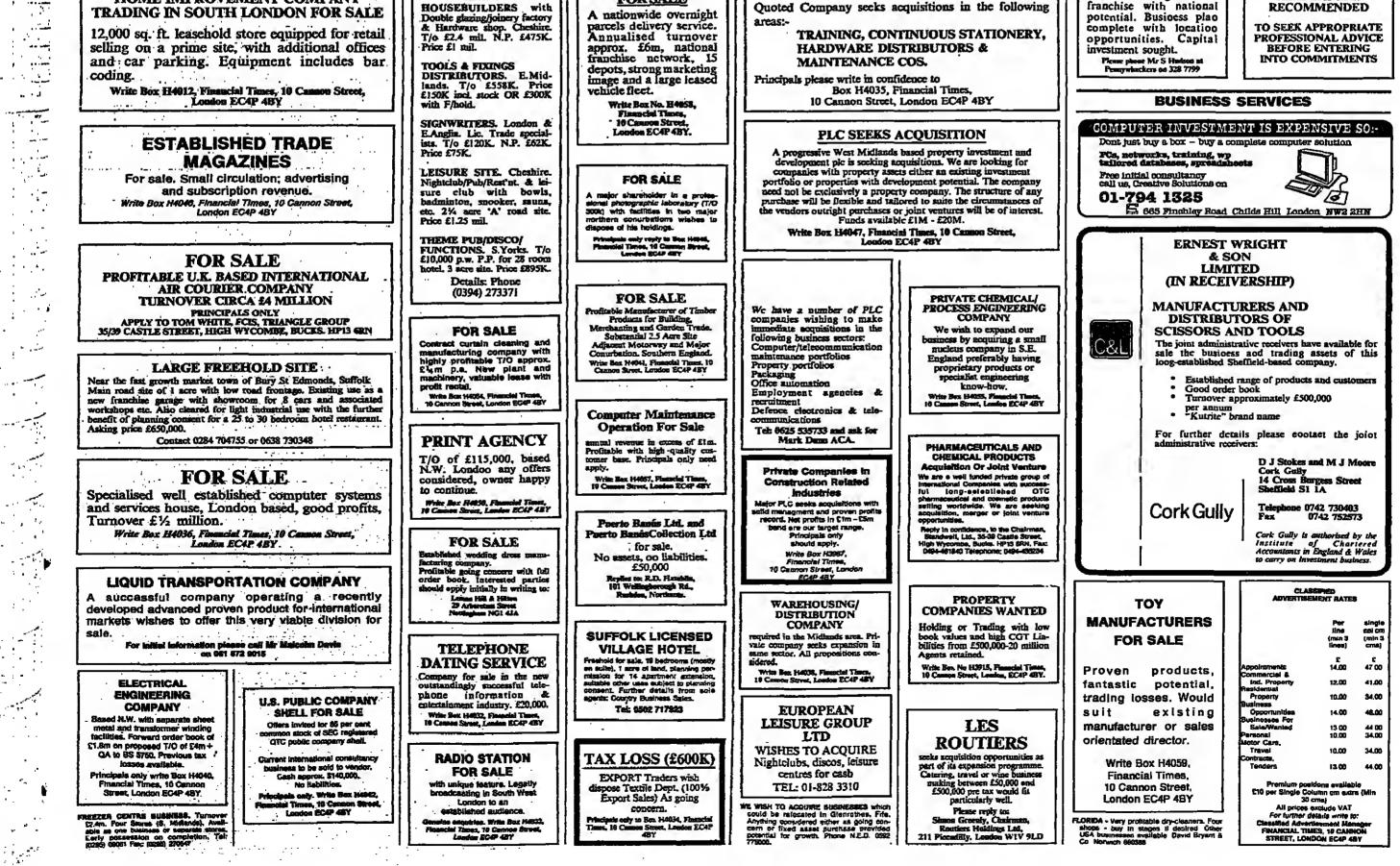
requirements. Under the agreement, con-trol of Plessey Information Eogineering (PIE), which is both Plessey's current source of IT supply and a computer services operation in its own right, passes to Hoskyns. This involves the transfer of 370 staff, 22 countrywide instal-370 staff, 22 countrywide instal-lations, which house a mixture of DEC, ICL and HP equipment, and business which brings new strengths to the

ing services. PIE will retain its own identity, operating as a separate division within Hos-kyns FM.

June 1990 and the contract is planned for completion in 1993.

facilities.

Nationwide upgrades its computer vide corporate office automa-tion services, MIS and backup The 1100/94, which will take over from the current 1100/90s To meet increasing workloads and to support new products in the financial services markets, Nationwide Anglia Building Society is to install a multi-pro-



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swift.

holder

The newspaper has been crit-icised in the past for being too close to the Catholic Opus Dei

organisation, some members of which are Expansion share-

With the Spanish economy growing very rapidly, the coun-try has witnessed a remarkable

growth in the number of finan-cial publications available in

cial publications available in the past few years. The market is served by at least half a dozen magazines, and two other publishing groups are said to be planning the launch of new financial newspapers in the more trace of 1990.

the next year or two.

Pearson in talks to buy stake

in Spanish financial newspaper

ways to enter the Spanish busi-

ness newspaper market for

nearly a year. Late last year it was offered

a stake in Expansion's rival, Cinco Dias, bnt pulled away early last summer when inter-ests controlled by Dow Jones, owner of the Wall Street Jour-

nal, took a large holding

Both Expansion and Cinco

Dias are thought to sell around-20,000 copies each a day. Both claim to outsell the other. But Cinco Dias was started in the mid-1970s and Expansion's

growth since it was founded

two years ago has been very

UK COMPANY NEWS

Poor harvest depresses first half, but satisfactory full year expected

ABF disappoints with rise to £89m

By Clare Pearson

30

ASSOCIATED BRITISH Foods, baking and milling group, yesterday announced a lowertban-expected 8 per cent increase in pre-tax profits to \$89.3m, and a similar rise in turnover to £1.15bn, in the six months to October 1.

However, a lower Australian tax rate belped attrihutable profits rise to £57.4m (£50.8m). The tax charge stood at 33.5 per cent against 36.6 per cent in the same period last year. Earnings per share came out at 12.8p (11.4p). Mr Garry Weston, chairman,

said market conditions this year remained competitive both at home and abroad. But maintained expenditure on product development, together with planned sales growth, led him to expect a satisfactory

result for the year as a whole. In the UK, sales showed an 8 per cent increase to £751m but trading profits increased by a disappointing 4 per cent to £35.6m. Mr Weston cited last year's poor harvest, which intensified margin pressure in haking. Other activities such its contribution in local curas canning achieved satisfacrency terms to about A\$28m

MISYS yesterday launched a

£16m agreed offer for fellow

USM-quoted computer systems supplier Zygal Dynamics. The all-share offer has already

received irrevocable accep-tances from bolders of 57.9 per

Mr Kevin Lomax, Misys'

chairman and managing direc-

tor, said that the main attrac-

tion of Zygal was Coulson

Heron Associates, its DEC

cent of Zygal's equity.

equipment supplier.

By Philip Coggan

Garry Weston - market conditions still competitive

tory growth. Investment income on ABF's substantial surplus funds also came out below budget at £35m (£31.9m) during the six-month period. The company blamed interest rate fluctuations in July and August.

Overseas, George Weston Foods in Anstralia improved

be the market leader in sales of

computer systems to insurance

intermediaries, with Zygal's Base-Sys, which sells stand-

alone qnotations systems for

motor insurance. Zygal, which joined the

Unlisted Securities Market back in 1981, has been trans-formed in recent years via the

acquisitions of Base-Sys and of Coulson Heron. It recently announced a 29 per cent

increase in preliminary pre-tax

Assoc. British Foods Share price relative to the FT-A All-share Index 120 W. M. K 76 110 腾 100 90

Misys agreed £16m offer for Zygal

(£13m), from A\$24.7m last time. This was despite tough market conditions and industrial disnutes. Its contribution in sterling terms was helped by currency movements The overall overseas contri-

1983 84 85 86 87 88

bution to sales was £402m and to trading profits £21.5m, increases of 8 per cent and 11 per cent respectively. The effect of currency movements

shares were suspended during

merger talks with another group hut those talks were sub-sequently abandoned. Mr Jona-

than Firth, Zygal's finance director, said the earlier talks were not with Misys. Mr Firth said that the merger reflected the general trend towards agglomeration

in the computer systems sec-tor. Following completion, which is conditional on 90 per

cent acceptances, Mr Richard Coulson of Zygal will join the

Misvs board.

was to reduce sales by some £4m but marginally increase profits.

This year's better harvest is expected to help UK baking in the second half. However, a recent cut in flour prices is likely to have a correspond-

ingly adverse effect on margins in milling activities. ABF's investment portfolio, which is worth about £950m, thiefly comprises money market instruments, gilts and unlisted securities.

In addition, aside from a number of small equity stakes, the company has a 15 per cent holding in shares of food

holding in shares of food retailer Gateway Corporation, and about 24 per cent of S&W Berisford, the diversified sugar producer for which ABF with-drew a full bid a year ago. The £51m profit nn May's sale of ABF's investment in a West German supermarket chain which never contributed

chain, which never contributed to profits, will be taken as an extraordinary item at the fullyear stage. An interim dividend of 2.8p (2.5p) is declared. See Lex

The acquisition of Zygal is the most substantial purchase made by Misys since it joined the USM, valued at just fSm,

last year, Mr Lomax estimated the group's market capitalisa-tion following the purchase

would be around £65m. Misys's offer is one of its



By Clare Pearson

JOHNSON MATTHEY, precious metals and materials technology group, yesterday announced its first acquisi-

announced its nist acquisi-tions since the collapse of its banking side four years ago. Both companies being acquired are North American. Johnson Matthey is paying around £20m to acquire the electronics materials business of Cominco, a Canadian min-ing and refining company, and also Alfa Catalog Chemicals, a high purity chemicals supplier

which operates in the USA and West Germany. Mr Eugene Anderson, chief

May 1985 described the deals as constituting an important and early stage in the fulfil-ment of Johnson Matthey's plans for long-term growth

ties in this area, he said. The business being added operates mainly in British Columbia. It is a supplier of gailium arse-pide wafers, used in the manu-

> ductor devices, and it also supplies bonding wires and ribbons used in the assembly of integrated circuits. The consideration, subject to

shares for every 3.07 in Zygal.

Thomson closer to Suter deal By Ray Bashford TRADING IN the shares of Thomson T-Line and Suber was suspended yesterday as tha boards of the industrial hold-ings companies moved closer to agreement on terms for a through acquisitions. The purchase of Cominco's electronic materials shie dou-bles Johnson Matthey's activi-

takeover. to offer the equivalent of 275p a share on a cash and share facture of compound semi-con-

an assessment of net assets, is expected to be about C340m (£18.3m). Alfa Catalog Chemi-cals is expected to cost around

FII-FYFFES, Dublin-based fruit and vegetable company, is buy-ing Rowe and Company, a UK wholesaler and distributor, in a £14.8m deal that will boost the share of its business in the UK

to about 80 per cent. The acquisition from Rowe and Company (Cornwall) Hold-ings, an investment holding company, will also take Fyffes into the retailing field for the first time, as it includes Gerrards, a previously loss-making greengrocer. The consideration breaks

down as follows: £2m-worth is to be satisfied by the issue of 1.72m ordinary shares; £6m is

pany. Its 587m worth of sales will boost Fyffes' turnover in the UK by about 10 per cent. On Gerrards, Mr Carl. McCann, Fyffes' deputy chair-man, said: "We'll be interested to take a look at it and see how

the year to the end of April, but is expected to return to unsecured losn stock; and the balance in cash. Rowe, which operates from 17 depots in southern England and Wales, made pre-tax prof-its of £1.4m in the year to the profitability in the current year.

able preference shares; £2m in

to be paid in 5 per cent it goes." The 125-strong shop unlisted convertible redeem- business, with sales of about

Fyffes, which owns 20 per cent of Irish Distillers, over which Grand Metropolitan and end of March, after adjusting for the effect of activities to be transferred to the holding com-Pernod Ricard are battling for control, is still awaiting the outcome of its appeal against a Dublin Court decision earlier this month that its verbal com-mitment in September to accept Pernod's offer was a legal contract.

Mecca offers

On the basis of last night's Misys share price of 324p, down 28p, that values each During the past financial year, ending on March 31, the com-pany's net gearing fell from over 84 per cent to about 8 per Zygal share at 105.5p. Zygal shares closed 18p higher at **By Clare Pearson** Mr Anderson joined the company after it was saved from the collapse of its bank-ing subsidiary in October 1984.

PLM issues

Redfearn bid

offer document

Fyffes buys Rowe for £14.8m

basis for the company headed by Mr David Abell which would value it at about £320m. that Thomson T-Line was the group holding negotiations with Suter came after several The Takeover Panel is understood to have contacted the companies requesting information about the takeover talks which faitered last week after several weeks of formal

Thomson T-Line is proposing

By Peter Bruce in Madrid

PEARSON, the publishing and

Prinarcial Times, is negotiating to buy a significant stake in Expansion, one of Spain's two established financial daily

newspapers. Expansion shareholders,

which include Economica Actualidad, a weekly maga-

zine, and Bilbao Editorial,

large Basque regional newspa-per group, confirmed yesterday that negotiations for Pearson.

to take a stake in Expansion.

was not available for comment

yesterday, has been studying

Pearson management, which

were advanced.

and informal negotiations. Suter shares were suspended at 241p and Thomson T-Line at

with Siner came and several months of speculation that the company might be subject to an offer. Suter shares have been under pressure since last July when the Department of Trade and Industry amounced that it was investigating share trad-ing in the two companies assoing in the two companies associated with the group.

71p. ciated with the group. The talks are believed to Suter is bigger than Thom-have been called off because of son T-Line in terms of market

capitalisation, making it clearly the biggest of takeovers which the company has under-taken during the past two and half years since it came under the control of Mr Hugo Bier-mann and Mr Jukian Askin, who both have South African backgrounds. disgreement about the size of the cash element which has been raised from the orginally discussed level of 30p. The companies were last night continuing negotiations and were expected to make a further statement within the backgrounds. next two days. The confirmation last week

Last February the company took over Vernons Pools for 290m which is acting as a cash cow to back expansion.

CDFC Trust

CDFC Trust now owns or has acceptances for 54.4 per cent of the ordinary shares in Plantation Trust. The offers are now unconditional.

£20m, made a loss of £900,000 in

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The deal will also unite Misys Dataller, which claims to profits to £1.26m. In the summer, Zygal's BOARD MEETINGS

following companies have notified dates oard meetings to the Stock Exchange. I meetings are usually hold for the pur-of considering dividends. Official Indica-are not available as to whether the onds are inclerings or thats and the sub-onds shown below are based mainly on rear illinguister.

TODAY

rims- Ambrose Inva., Aquesculum, Capi-Gearing Tat., GEI Init., Heattitcare Ser-s, Henderson Admin., London American nures. National Taiocom., Newmarkot Jure Cap., Sainabury (JL S.A. Brew., Stif-Gr., Yaia & Vator. Ja- Alva Inv., Tat., Roonhaugh, Tiger Oete.

Land Securities



FUTURE DATES

Braithwaite sells offshoot BRAITHWAITE GROUP, Holdings, for about \$700,000 in industrial services and engi-neering concern, is to sell cash. Braithwaite Plastics, manufac-

Braithwaite Plastics had a NAV of £326,000 at March 31 turer of multi-purpose board from waste plastic, to Super-wood UK, a subsidiary of the and in the year to March 31, the subsidiary made £122,000 before tax and management Irish company Superwood charges.

1100.

PLM, the Swedish packaging group, yesterday issued the offer document in its £54.5m bid for Redfearn, the UK glass container and flexible packaging group.

By Philip Coggan

cais is expected to cost around \$4.5m (£2.1m). Both deals are in cash and do not involve deferred payments. Mr Anderson said Johnson Matthey had ample resources to make further acquisitions.

11 TRANSACT OUR

Nov. 16 Nov. 16

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tslk to Alan Walker at 3i. You'll find him on 01-928 7822, or by writing to 3i plc,

NVESTORS IN INDUSTRY

Era Group, a toy, furniture and camera retailer, has received an approach which may have led to an offer being pany into a major indepe retailing group.

offer is now accompanied by : loan note alternative to attract those shareholders who might have capital gains tax prob-PLM, in its financial argu-

The 545p per share cash

ments, points out that its offer is 25p higher than the offer OVS, an Australian company, said it would make for the UK group. OVS, which owned 29.9 per cent of Redfearn, has now irrevocably accepted the PLM

offer. The industrial logic of the bid, argues PLM, is that small and medium sized companies like Redfearn are likely to find it difficult to compete in the international packaging mar-ket. PIM also believes it can bring technical snpport to Bedfearn's businesses.

Redfearn responded by say ing that the PLM offer was "clearly a sighting shot." "This is not a serious price said Mr David Newbigging, the chairman. However in the market, Redfearn's shares closed yesterday at 527p, well below the PLM offer.

Success or defeat for Red-fearn may well depend on its results for the year 1987/88 which are expected to be pubished in the defence docunent

Evode expands with £4.58m **Dutch purchase**

By Andrew Hill EVODE, a speciality chemicals company well-known for its adhesives, paints and sealants, is expanding its plastics divi-sion into the Netherlands with the purchase of Technoplast, a mannfacturer of plastic moulded products, for a maxi-mum of Fi16.3m (\$4.58m) in

Fig.08m in cash and the bal-ance funded by the issue of 341,394 new ordinary shares. A further F14.99m will be paid sed on Technoplast's profits.

Era approach

made for the company. The board said yesterday that, fol-lowing consultation with its advisers, it has decided to reject the approach and talks have been terminated. The board stressed its commitment to turning the com**DIVIDENDS ANNOUNCED**

	Current payment	Date of payment	Corres - ponding dividend	for year	Total last year
AB Foods	2.8		2.5	-	8.3
Brown (N) Groupint	1.5†	Jan 18	1.5	-	5
GT Managementint		Jan 6	1.25	-	5
Hughes (HT) §int	1.1	Jan 16	-	-	-

rights and/or acquisition issues. §USM stock. §5Unquoted stock. 4Third

Mecca has declared its final offers for Pleasurama unconditional in all respects. Acceptances for its partial cash alter-native totalled 74.74m ordinary (34 per cent) and elections for additional cash were received in respect of Mecca ordinary 42.83m (20 per cent) and convertible preference shares 43.89m (20 per cent).

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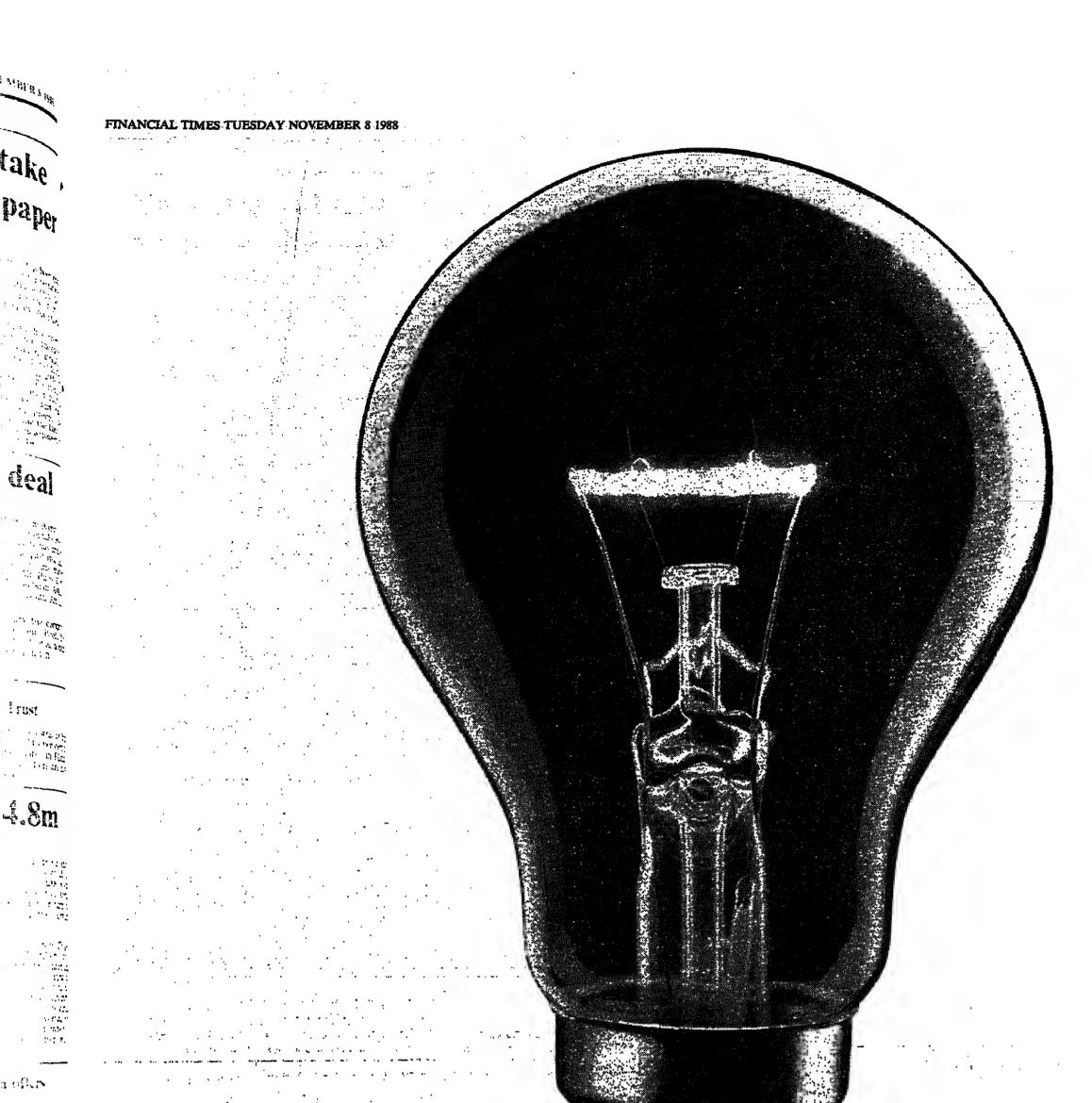
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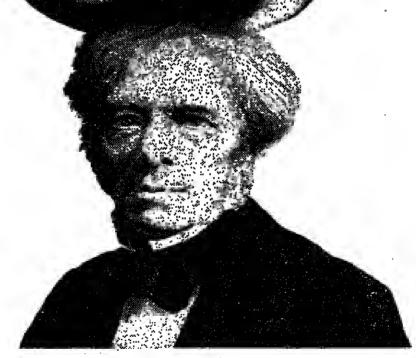
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costs. So keeping fuel costs down is clearly essential for our business.

And for the nation's business. Just about everyone in England and Wales uses our electricity. We have to generate as much as is needed, at as low a price as possible.

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And we'll continue to seek new sources of power: to harness the wind and the tides and the heat beneath the earth's surface.

Our efforts are needed not only to keep prices down, but to satisfy a widely fluctuating demand, day and night, summer and winter; through storms and strikes and other acts of God or man.

That's the generating game: high stakes, tough rules and plenty of challenges. But it's a game we have to go on winning. By using our magnets, like Mr Faraday said.

THE GENERATING GAME

CEGB NATIONAL POWER. POWERGEN.

32

FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

Lloyds nvestment Manage an our Merchant Lloyds c Stockbrokers

provides management of the companies' liquidity and pension scheme arrangements.

distributes shares to institutions and through the Bank's 2,232 branches and centres.

By Andrew Hill

Bank

S&N accuses Elders of trying to take over on the cheap By Lisa Wood

SCOTTISH & NEWCASTLE ding extraordinary items. S&N Breweries, which is fighting a sked: "What proportion of fl.6bn takeover bid by Elders IXL, yesterday accused the Australian-based group of try-ing to buy it on the cheap. S&N, which this week expects to hear whether the bid will be referred to the Monopolies and Mergers Com-Monopolies and Mergers Com-mission, urged shareholders in

mission, urged shareholders in its defence document to reject the £4 per share offer from the Foster's lager brewer. S&N said: "Elders is reported to be expecting to recoup up to £1.5bn from the sale of S&N'e pubs and hotels. On this basis,

you would receive the paltry sum of 25p per ordinary ehare for all the S&N brands and breweries, together with our free trade, take-home and other free trade, take-home and other businesses." The Scottish-based brewer, which did not, however, give a value for its brands, also made the contro-versial claim that Elders' debt to equity ratio could rise to 313

per cent if the bid succeeded. S&N said Arthur Young, chartered accountants, came to this conclusion by including the debt of Elders' finance subeidiaries and the off-balance

sheet arrangements for PubCo, the joint venture into which Elders has put its Courage S&N questioned aspects of Elders' financial arrangements, including the fact that in 1988 which could compete against major brewers such as Bass. S&N countered by claiming Courage was poorly placed for **Elders'** dividends were covered only 1.1 times by profits exclu-

SCOTTISH & NEWCASTLE ding extraordinary items. S&N Breweries, which is fighting a asked: "What proportion_of

said the defence document made spurious financial arguments and failed to address Elders key assertion: that S&N was a natural geographic fit

with its own brewery group, Courage, which it acquired in 1986 from Hanson. Elders said S&N had itself considered bidding for Courage

when it was put up for sale. S&N said in its defence docu-ment: "Courage was once a broad, wall balanced business which held considerable appeal for S&N. It has since been weakened by asset disposals by

weaking of asset disposals of euccessive owners, over-em-phasis on Foster's and major restructuring." Elders, in announcing its hid, binted that it might sell off S&N's Thistle Hotel chain and that it mould proheably mut S&N'S Thistle Hotel chain and that it would probably put S&N's 2,300 pubs into a similar venture to PubCo. Elders also claimed that S&N was strategically at a loss and had problems in its brewing business which would be resolved in a merged group which could compare against

Trevor Humphri Scottish & Newc

UK COMPANY NEWS

the future. It said: "Courage is now poorly positioned for the future. It is trying to buy the success that it will find hard to achieve through organic growth." Mr Alick Rankin, S&N's

chief executive, said: "The measure of our brands must be that 80 per cent of sales go to the free trade. That is where people make free choices." S&N's defence document disclosed that Mr Rankin, along with other S&N directors, had,

since October 1987, exercised share options and sold them. Mr Bankin, for example, made a profit of £104,000 in December when he exercised options on 100,000 shares, at 110p per share, and sold them on the same day at 214p per share

iry, yesterday added his voice to calls for a referral to the Monopolies and Megers Com-

End of a long saga as British Enkalon is wound up

By Laura Raun in Amsterdam

BRITISH ENKALON, a UK abell company which formerly belonged to Akzo of the Netherlands, is to be wound up in an anti-climactic end to a

in an anti-climactic end to a torthous corporate saga. A small minority of share-holders will be told at an extraordinary general meeting on Thursday that all chance of recouping their investments has been lost. Such an outcome was expected as long as four years aco.

was expected as long as thur years ago. British Enkalon was estab-lished in Britain in 1960 by the Dutch man-made fibre group, AKU, to establish a nylon plant in the UK. AKU subse-quently became part of Akzo and maintained its majority shareholding in, and the Lon-don listing of, Enkalon. British Enkalon's main asset

was a fibres plant in Antrim, Northern Ireland, which was closed in 1962 as part of a mas-sive restructuring of Akzo's loss-making fibres activities.

Thereafter the company ceased to trade and its quotation on the stock exchange was withdrawn.

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drawn. Akzo's efforts to streamline synthetic fibres, particularly those for textiles, began in 1975 and are still continuing. They reflect widespread reorganisa-tion in the whole fibres indus-

in November 1984 Akzo solo its majority stake in Britisb Enkalon to Industrial & Com-

Enkalon to Industrial & Com-mercial Property Realisation & Development. Under the con-tract, Industrial & Commercial agreed to Hquidate British. Enkalon within five years. All assets have now been dis-posed of and the proceeds used to repay creditors except for Industrial & Commercial, which has agreed to waive its debt claims. About \$20 million in debts remain outstanding. in debts remain outstanding. Akzo will receive nothing from the liquidation either as a

creditor or former shareholder.

Hartley is reviewing a num-

Hartley Baird surges 60% to £367,000

BAIRD, to group profits in the current HARTLEY manufacturer of electric motors and components, yesterday announced an increase in profits to £367,000 pre-tax for the year ended April 30 1988, an improvement of 60 per cent over the previous year's £330,000. ber of opportunities in related fields of activity and intends to continue expanding its trading

The company, which has other interests in domestic appliances and precision engi-HT Hughes up 21% neering, said it was also pro-

posing a redemption of its pref-erence shares and a resumption of dividends on the H T Hughes, a waste management, quarrying and transport hire company which ordinary shares via a final of Outinary shares via a inial of 0.5p. During the year Hartley acquired Axon Motor Rewind-ing, Roscoe Industries, Southern Tools and Light'n Easy (Consumer Prod-ucts). The directors said they were confident that all pur-chases would make a signifijoined the USM in February, yesterday reported a 21 per cent improvement in profits to £1.07m pre-tax for the half year to August 31 1988. An interim dividend of 1.1p is being paid. chases would make a signifi-cantly increased contribution

Earnings worked through at 3.8p (3.5p) per 10p share. Half-year turnover improved by £2.87m to £7.99m.

BALDWIN, expanding leisure, printing and property group, is buying Oceangate, a property conglomerate since he and a consortium of investors took

control in May 1987. The company is paying for the Oceangate acquisition by issuing 4.11m new ordinary shares to the property com-pany's owners, at 150p a share. This is a promium to paster. 5.16m in shares, and is consid-ering the sale of its original concrete and clay manufactur-ing operation.

This is a premium to yester-day's opening price of 140p, although the shares eventually closed at 160p. Additional shares will be issued at the Mr David Landau, Baldwin chairman, said yesterday that the company was hoping its leisure, printing and property activities would eventually make equal contributions to group results. same price if Oceangate's warranted net tangible assets turn out to exceed 25.16m on com-However, the future of the nletion

building materials subsidiaries was under review. An investment company owned by Mr David Shamoon holds about 40 per cent of Mr Landau has been trying to turn Baldwin into a mini-

Oceangate, which has invest-ments in commercial freeholds around London, with the bal-ance of the equity in the hands of a number of overseas investors.

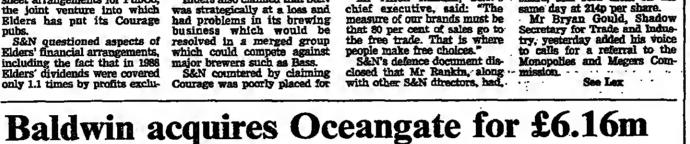
Mr Shamoon, who will hold 10 per cent of Baldwin after the deal, joins Mr David Barclay and Mr Frederick Barclay as a major shareholder in the expanding company,

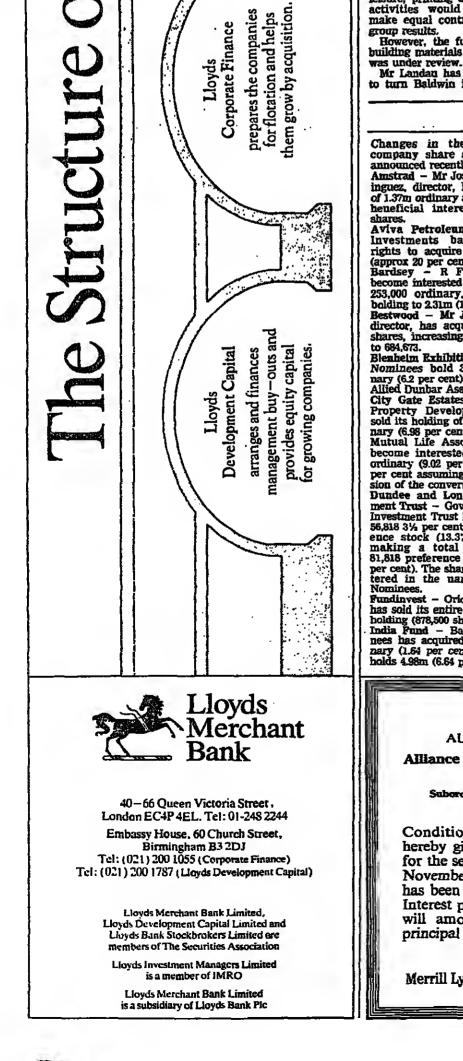
The Barclay brothers' 25 per cent stake, acquired when they sold Keyline Continental, a tour operator, to Baldwin this summer, will be diluted to about 19 per cent. Oceangate's proparties

include the Leegate Centre – retail units, offices and flats at Lee Green in south east Lon-don – and Burleigh House, an office block in Enfield. The acquisition is condi-tional on Oceangate's proper-ties being worth at least £15m on completion. At the moment Baldwin's

At the moment Baldwin's property activities are con-ducted through Vendlodge, acquired in January 1987.

> **BRITISH RAILWAYS BOARD** INVITATION





SHARE STAKES Kewill Systems - Mountain-Dew is interested in 310,000 ordinary shares (5.1 per cent). Share capital of Mountain-Dew is ball of Mountain-Dew Changes in the following company share stakes were announced recently:-Amstrad - Mr Jose Luis Dominguez, director, has disposed of 1.37m ordinary and retains a is held on discretionary trust by Cititrust (Cayman), with heneficial interest in 5.5m Birol Nadir as discretionary beneficiary. Lee (Arthur) - GMF (invest-ments), wholly-owned subsid-iary of G M Firth (Holdings), is interested in 2.78m ordinary. Aviva Petroleum - Ferris Investments bas obtained rights to acquire 35m shares (approx 20 per cent). Bardsey - R F Adair has become interested in a further London and Overseas Freight-ers - Robert Fraser Group, as principal and on behalf of cli-253,000 ordinary. increasing bolding to 2.31m (10.1 per cent). Bestwood – Mr J H Furlong, director, has acquired 278,000 shares, increasing his bolding to 684,673. ents, has purchased 14.5m pref-erence ordinary (5.16 per cent). LPA Industries - Rights and Issnes Investment Trust has acquired 25,000 ordinary, rais-ing its beneficial interest to 418,118 (5.24 per cent). MAI – American International Group, through subsidiaries, has increased its holding to 21.8m ordinary shares (6.32 per cent) to 684,673. Bleaheim Exhibition - WGTC Nominees bold 375,000 ordi-nary (6.2 per cent) on behalf of Allied Dunbar Assurance. City Gate Estates - London Property Developments has sold its holding of 425,532 ordi-nary (6.98 per cent). Provident Mutual Life Association has become interested in 550,000 cent). Moss Bros - Quantum Fund of Curacao has increased its holding to 1.5m ordinary (9.2 per cent). New Guernsey Securities - Mr R L Trapnell, director, has acquired 25,000 ordinary and is now interested in 285 000 (14.25 Mutual Life Association has become interested in 550,000 ordinary (9.02 per cent, and 7 per cent assuming full conver-sion of the convertible shares). Dundee and London Invest-ment Trust - Govett Strategic Investment Trust has acquired 56,818 3% per cent (net) prefer-ence stock (13.37 per cent). making a total bolding of 81,818 preference stock (19.25 per cent). The shares are regisnow interested in 285,000 (14.25 per cent). Newman Tonks - Scottish Amicable Investments Manag-ers has increased its holding to per cent). The shares are regis-tered in the name of West 3.35m ordinary shares (5.29 per cent) Rights and Issues Investment Trust - Greig Middleton, on behalf of clients, has purchased 627,500 capital shares and 104,000 income shares (21.7 per cent). Morris and Co. Trust Fund, also acquired 15,000 capi-Fundinvest - Orion Insurance has sold its entire 7.9 per cent holding (878,500 shares). India Fund – Barlane Nominees has acquired 1.29m ordi-nary (1.64 per cent), and now holds 4.98m (6.64 per cent). ALLIANCE - LEICESTER

tal shares in the name of Greene Nominees, and now holds 90,000 shares (5.63 per cent).

Sems Group - Cap Gemini Sogeti has acquired 260,000 ordinary and now holds 16.98m (19.25 per cent).

St Modwen Properties - Directors have increased their hold bits have increased their holi-ings of ordinary shares as fol-lows: Mr S W Clarke, 50,000; Mr J D Leavesley, 50,000; Mr C H Lewis, 31,000; Mr C C A Glos-sop, 20,000; and Mr P E Doona 10,000.

Takare - Singer and Friedlan-der Group holds 1.53m ordi-nary (17.495 per cent). A fun-ther 145,902 (1.672 per cent) are held on behalf of customers in investment portfollos managed on a discretionary basis by Singer and its subsidiaries.

Tranwood - Mr J N Oppen-hsim, deputy chairman, has increased his holding to 3.25m ordinary (3.77 per cent).

Triplevest - Orion Insurance has bought 1.3m income shares (5.41 per cent) and now holds 8.45m (14.37 per cent).

TO ADVISERS

The Secretary of State for Transport has announced his intention to look at long-term options for British Rail, including the option of Privatisation.

The British Railways Board have decided to appoint professional advisers to assist them in handling the next phase of their own work on this subject. Merchant Banks, Accountancy Firms and Consultants are invited to submit outline proposals for providing such advice by noon on Tuesday 22 November.

Further details of the remit and of the selection arrangements that will be followed may be obtained from:



Miss O. V. Christie Room 209 British Railways Board **Euston House** 24 Eversholt Street London NW1 1DZ (Telephone 01-922 4148, Fax 01-922 4131) . .



NOTICE TO HOLDERS OF The Nippon Credit Bank, Ltd. (the "Bank") U.S.\$150,000,000 1-3/4 per cent. Convertible Bonds 2002 (the "Bonds") Adjustment of conversion price to be made as a result of a public offering of shares referred to below

Notice is hereby given as follows:

The Bank issued 5,000,000 shares of its Common Stock by way of public offering in Japan on November 1, 1988, at the offering price per share of Yen 11,194 (fixed by the Bank on October 20, 1988). Since such offering price is less than the current market price per share at October 20, 1988 of Yen 11,653.30 (calculated as provided in the Trust Deed dated October 14, 1987 (the "Trust Deed") relating to the Bonds), the following adjustment of the conversion price for the Bonds was made pursuant to Clause 5 (vi) of the Trust Deed:

i) Conversion price before adjustment: Yen 13,337.90 per share II) Conversion price after adjustment: Yen 13,322.40 per share III) Effective Date of the adjustment (Tokyo time): November 1, 1988

November 8, 1988

Alliance & Leicester Building Society

\$50,000,000 Subordinated Variable Rate Notes 1998

Conditions of the Notes, notice is hereby given that the Rate of Interest for the second Interest Period from 4th November, 1988 to 6th February, 1989 has been fixed at 12.475% per annum. Interest payable on 6th February, 1989 will amount to £320.40 per £10,000 principal amount.

Merrill Lynch International Bank Limited Agent Bank



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UK COMPANY NEWS

N Brown slips and warns of large second-half fall

By Maggie Urry

A SMALL fall in interim profits and the warning of "a very significant reduction in pre-tax profits in the second half" from N. Brown Group, mail order group, caused its shares to fall 22p to 180p yes-terday. Pre-tax profits were 3.4 per cent down at 54.7m, on sales 24.4 per cent ahead at

Mr David Alliance, chair-man, said: "The postal strike coincided with the lannch of our autumn/winter catalogues and, although it is too early to assess its full effect, it has already led to a significant loss of sale

or sales." Mr Alan Dean, chief execu-tive, said that about 210m to 512m of sales had been lost in the strike, which probably would not be recouped later in the season. The effect on margins would be major, with high stock levels pushing up inter-est charges, and lost profits possibly amounting to 25 or

Brown has already given the contract to deliver 13,000 par-cels a day to an independent group, and is negotiating its new contract with tha Post Office with the view to recoup-ing its lost business through

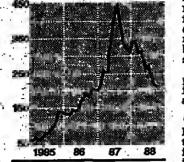
lower charges in future. However, the problems of the first half, covering the 26 weeks to September 3, largely preceded the postal strike. Mr Dean said that the group had



in previous month). DOWDING & MILLS: Annual meeting told that one-third into its new financial year the company's trading had contin-ued the firm trend reported in the statement with the accounts. Directors were confident of improved results for the year to June 1989. GKN is to seek a listing on the

1987, a loss of £9,898 was incurred (£60,162 profit). KETSON has exercised its Tokyo Stock Exchange later this year. To support the list-ing it plans a limited issue of rights_under an agreement made on May 26 and has acquired a further 50 per cent of Whitelion Facilities, bring-ing its holding to 75 per cent. up to 7.5m new ordinary shares through a public offer in Japan, representing about 3 per cent of its currently issued

N. Brown Share price (pence)



budgeted for a percentage sales bingeted for a percentage sales increase in the mid-30s on the mail order side, in line with the group's previous experi-ence of rapid sales growth. But sales rose by only 22 per cent to 247.2m, 55m less than expected. Of that 22 per cent,

15 per cent came from existing catalogues and 7 per cent from two catalogues acquired last year. Substantial amounts had already been spent on market-ing, and mail order profits fell from £3.9m to £3.8m, with margins 2 percentage points lower at 8.1 per cent. The figures also bore a 1500,000 cost incurred in reorganising the warehouses. Profits from the financial and property services division fell from 21m to 2900,000. Dun-

months to June 30 on turnover of £691,000. The an extraordi-

nary debit of £148,000 relates to the acquisition costs of Imp-

shire. Loss came through at

6.8p per £1 ordinary share. In the ten months to November 30

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veyor, "had an excellent half-year", Mr Alliance said How-ever, Morfitt and Turnbull saw much lower profits. This was mainly because profits of its

depend on front end fees from new money invested and that business had suffered after the stock market crash a year ago. Earnings per share were 7.5 per cent lower at 5.32p and the interim dividend is unchanged at 1.5p. **COMMENT**

Brown has done the decent thing in revealing the extent of its problems, and tha clear indication is that a maintained final dividend should be cov ered by earnings, unless any new disasters appear. The bal-ance sheet is carrying a higher level of debt, though a rights

issue is probably not neces sary. Once the year is over Brown should resume its growth pattern, although a year has been lost, and the bal-ance sheet may bear the scars for a bit longer. But the longer term effect is on customer confidence and perhaps also on investor confidence - heavy dependence on the Post Office may lessen the perceived qual-ity of earnings. With Mr Alli-ance's family controlling a majority of shares a hostile bid is highly unlikely. The character is highly unlikely. The share price may be in limbo for some time. lop Heywood, consultant sur-

COMPANY NEWS IN BRIEF

KOREA-EUROPE Fund: net

asset value per share at Octo-ber 31 was \$19.36, down from

MEYER INTERNATIONAL has

bought, for £2.5m, two sites -one near Bristol, one in

Gloucester - to be developed

as branches of Jewson, its

builders' merchant subsidiary. NEWMAN TONKS Group has

acquired Aquapower and

Power Pumps for np to £650,000 cash - £273,000 being the ini-

tial consideration. Both compa-

nies operate in the power shower market.

NORTH SEA Assets has

exchanged contracts for the

sale of the Aberdeen-based interests (the provision of div-ing equipment and services) of

\$19.64 on October 17.

Charterhall buys more Hornby and lifts stake to 15%

By Vanessa Houlder

CHARTERHALL, an investment vehicle steered by Anstralian entrepreneur Mr Russell Goward, has increased its stake in Hornby Group, USM-quoted toy manufacturer, by 4.5 per cent to 15 per cent. Hornby also revealed yester-day a 22m cash and paper acquisition of Fletcher, a man-ufacturer of sportsboats and ccessories. Charterhall said yesterday

that its interest in Hornby was aroused by its good products, brand names and management and its undervalued share DILCE.

As a contra cyclical investor, Charterhall intended to be a long term holder of the shares although it did not rule out a move to a full bid. Mr Alan Cox, finance direc-

tor of Hornby, said that the company was feeling "quite comfortable" with the Charterhall stake Through gradual stake build-

Bardon full listing

Bardon Group, quarrying and building products company, will shortly announce plans for a listing on the main market. The group announced its intentions yesterday as it sold its plant and tool hire operation to BET for an undisclosed sum.

its British Underwater Engi-

neering subsidiary for £850,000

cash. The companies incurred

an operating loss of £166,000 for 1987. Purchaser is Northern

Coasters, part of Stena Hold-

ings (UK). NORTH WEST Exploration: The offer made for the com-

pany by Oliver Resources has been accepted in respect of only 971,938 shares and has been extended to November 18. TAWNEYDOWN has declared

wholly unconditional its offer

for the ordinary and deferred

ordinary share capital of MY Holdings. On November 4

acceptances had been received in respect of 31.15m MY ordi-nary (78.6 per cent) and in respect of 762,943 MY deferred

an ing, Charterhall now holds 17 by per cent of Corah, a textiles group, 25.3 per cent of Brid-port-Gundry, a netting mano-facturer, 9 per cent of Atkins Brothers, a textiles and electronics company, and 23.7 per cent of A Goldberg, a clothes retailer. The Fletcher deal, which is

the first since Hornby joined the USM in December 1986, is in line with Hornby's strategy of expanding in the leisure sec-tor through acquisitions that emphasise brand names and marketing.

The acquisition is comprised of Staffordshire-based Norman Fletcher, which designs and manufactures sportboats and accessories, and Miles Products, which makes boat trailers.

The vendors have warranted that the combined pre-tax prof-its for the year ended Septem-ber 30 will be at least £200,000, with assets of at least £1.5m.

Apollo for USM

Apollo Watch Products is joining the Unlisted Securities Market via a placing which values the group at £9.75m. Jacobson Townsley is placing 12m shares at 20p each. The directors are forecasting profits of not less than £1m (£692,000)

ordinary (55.7 per cent), making a total of 31.92m (77.9 per

cent). The offers, including the

loan note alternative, have been extended to November 18.

TR ENERGY has bought in the

market a further £410,000 8% per cent (formerly 8 per cent)

convertible unsecured loan

stock 1997/2001 for cancella-tion. The outstanding balance

WESTFIELD INTERNA-TIONAL, US operator of shop-ping centres, will pay an initial dividend next April during its

first full year of operation the annual meeting was told. A

number of projects planned in the short-term would cost about \$120m and other projects

were being evaluated.

is £5.09m.

DEFENCE

The Financial Times proposes to publish a Survey on the above on

14th December 1988

For a full editorial synopsis and advertisement details, please contact:

Stephen Dunbar-Johnson

on 01-248-8000 ext 4148 or write to him at:

Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

Associated **British Foods**

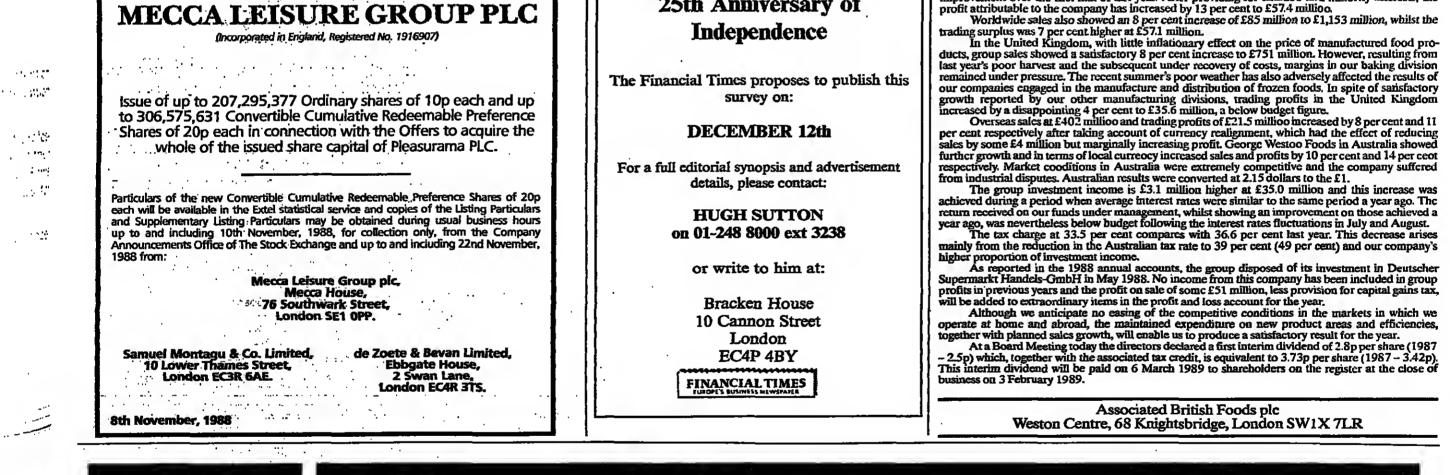
Half Year Progress Report

	Six months to 1 October 1988* £ million	Six months to 26 September 1987 £ million	Year to 2 April 1988 £ million
Turnover	1,153.0	1,068.0	2,272.0
Trading surplus Interest payable	57.1 2.8	53.4 2.6	133.9 5.7
	54.3	50.8	128.2
Investment income	35.0	31.9	82,2
Profit on ordinary activities before tax	89.3	82.7	210.4
United Kingdom tax Overseas tax	17.4 12.5	19.7 10.6	44.2 26.6
Profit on ordinary activities after tax Minority interests	59.4 2.0	52.4 1.6	139.6 3.1
Profit on ordinary activities attributable to the company	57.4	50.8	136.5
Extraordinary items	2.5	1.7	(27.6)
	59.9	52.5	108.9
Ordinary dividends 1st Interim 2nd Interim	12.5	11.2	11.2 25.9
Earnings per share before extraordinary items "Half year figures unaudited.	12.8p	11.4p	30.5p

The Chairman, Mr. GARRY WESTON, reports:

The profit before tax has increased by £6.6 million to £89.3 million. This is an 8 per cent improvement over the first half of last year. After providing for taxatioo and minority interests, the profit attributable to the company has increased by 13 per cent to £57.4 millioo. Worldwide sales also showed an 8 per cent increase of £85 million to £1,153 million, whilst the

KENYA 25th Anniversary of 33 · ·



To coincide with our move to larger premises this week, the company you knew as Sallmann Barrington Laurance will now be known simply as Sallmanns. We're sure that the international property market as a whole and our clients in particular, will recognise that this name change ties in neatly with our philosophy of keeping everything we do-

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HOW BICC IS HELPING TO TRANSFORM COMMUNICATIONS WORLDWIDE.

The Financial Times proposes to publish this Survey on the above

TYPE OF BUSINES

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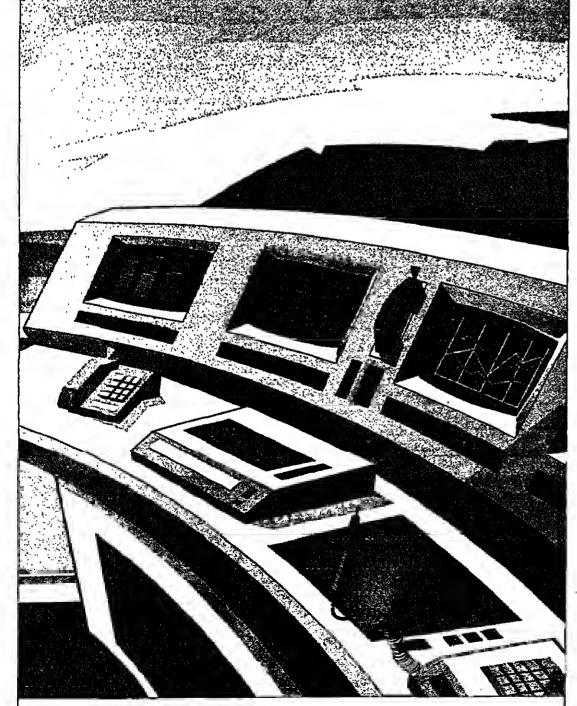
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BICC optical fibre technology has already helped to transform voice and data communications. It also opens up many other possibilities like nationwide cable TV or videophone.

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The total communications market is generally reckoned to be one of the largest in the world. And one of the key elements in its rapid growth

over the past 15-20 years has been the development of optical fibre technology.

BICC has played a leading role in this development and is actively involved in the three key markets – telecoms, commercial datacoms and defence.

TRENDS TO DATE

Optical technology lies in three main areas: fibre production; cable-making; and jointing and terminating components and capabilities.

Our joint venture with Corning Glass has made us the world's largest producer of optical fibre outside the US.

And we have set industry standards in jointing and terminating with innovations such as our fusion splicer. This has recently been used on the longest optical fibre link in Europe – the London to Edinburgh link for British Rail.

FUTURE DEVELOPMENTS

As communications are extended in optical form right up to the user's equipment, the huge load capacity could revolutionise the services available.

Thus we stand on the threshold of a whole new range of possible educational, entertainment, commercial, medical, social and welfare services. And we at BICC are looking forward to playing an important role in this exciting future.

For more Information please write to: Tim Sharp, Head of Corporate Communications, BICC plc, Devonshire House, Mayfair Place, London W1X 5FH.



ENGINEERING TOMORROW'S WORL

	THURSDAY 15TH DECEMBER 1988
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•1	Topics proposed for discussion include:
	OVERVIEW INFRASTRUCTURE
	FINANCE INDUSTRY HARBOUR DEVELOPMENTS OFFSHORE FUNDS IMMIGRATION TRAININO
	INVESTOR PROTECTION & TECHNOLOGY
	INSURANCE HORTICULTURE PENSIONS SMALLER ISLANDS
-1	STOCKBROKING CONSERVATION & THE
- 1	PROPERTY ENVIRONMENT POSTAL & TELECOMMUNICATIONS
- {	GOVERNMENT
- 1	TOURISM For a full editorial synopsis and details of available
1	- advertisement positions, please contact
- 1	BRIAN HERON
1	on 061-834 9381
1	or write to him at:
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1	Alexandra Buildings, Queen Street, Manchester M2 SLF
1	Telex: 666813
, ¶	Fax: 061 832 9248
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Pharmaceuticals are prospering thanks to entrepreneurial verve, heavy R&D

expenditure, and

FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

FINANCIAL TIMES

Government-regulation. Butchallenges lie ahead. They include demographic change, scientific advance, cost-cutting and safety issues. Peter Marsh reports

Peculiar stresses

vice, a vehicle of government policy. All these descriptions at least partially fit the character-

istics of the \$100bn-turnover. international pharmacentical industry, a multi-faceted business which is by no means easy to understand. The chameleon-like nature of

the sector manifests itself in the peculiar stresses to which the industry is subjected. There is often more than a

hint of glamour about the industry, with its emphasis on scientific skills being trans-lated into world-beating new drugs

This was emphasised last month with the award of a share in the 1988 Nobel prize for medicine to Sir James -----Black, one of Britain's foremost pharmaceutical research-1.2.7 ers who has had a hand in inventing two top-selling for-mulations - the Tagamet Wat Starkets Water anti-ulcer medication sold by Smith Kline & French Labora-

tories and ICI's heart drug Inderal..... ----The drug industry's links to efforts to safeguard people's health, a basic policy aim of virtually all countries, inevitably places the industry in the mainstream of political pro-cesses affecting healthcare. As a result, the business is greatly

AN ENTREPRENEURIAL. affected by the actions of gov-high-tech industry, a social ser- ernments, which in many nations are the main purchasers of pharmaceuticals. The sector is inevitably sub-

ject to whatever pricing policies for drugs happen to exist in the country concerned. - Governments in most devel-oped nations also play a big part in regulating sales, at -least indirectly, as a result of tough licensing procedures to ensure drugs are safe and work

properly. The severity and time-con-suming nature of these regulatory processes are sometimes the subject of complaint from drug company representatives on the grounds that they delay

products going from the test-ing stage to the market. Governments may also view the pharmaceutical sector as a vital element of science-based

industry, an area of commerce

which; in Western Europe especially, state authorities have been keen to promote in recent years. Different nations are likely, as a result, to implement various mechanisms to stimulate

sales of their domestic drugs industries as a way of helping to generate wealth and employ-In the case of the drugs business the fact that the state frequantly is a monopoly or near-

7.7 1 ICI pharm stical division's research headquarters, near Macclesfield, Cheshire

cell

monopoly purchaser makes it relatively easy to implement a policy that recognises the drugs area as a high-tech activ-

try depends.

with the mixture of henefits and disadvantages which this can provide – acts as a con-stant backcloth to the indus-try's activities and has a buge ity to be helped. In many West European nations encouragement of the indigenous medical products industry boils down to efforts to favour locally-based compainfluence. But many of the world's top pharmaceutical companies have shown consid-erable qualities of their own in nies when setting prices for pharmaceuticals. This is done on the basis that such a policy should lead, in theory at least, to stability for local suppliers and a good base for them to commit the comparison measured the area of entrepreneurial

This can be seen both in the management of research strat-egy which is a fundamental part of getting products from operate the expensive research the laboratory stage to the and development programmes on which much of the long-term success of the induscommercial arena and in the marketing programmes required to build up sales thereafter. Companies in the industry commonly spend 12-15 per cent of their sales on The strategy has worked par-ticularly well in Britain, which is the home of a booming drugs research and development, industry with an annual output of £4bn and a balance of considerably above the per-centages which are the norm payments surplus of £800m. in other high tech sectors such

as electronics and telecommunications.

The large sums are partly a factor of the intrinsic difficulties involved in drug discovery and also of the complex trials required to determine safety and efficacy.

The disproportionate nature of the resources which the sec-tor as a whole devotes to R&D can be seen in particular in the UK. The drugs sector is not a particularly important induscals. try in terms of Britain's total sales, accounting for less than

2 per cent of gross domestic product. But its research spend. of £700m a year accounts for a much higher proportion - 8 per cent - of the country's total R&D expenditure count-ing both government and industry programmes.

Unlike many other sectors of commerce, the UK drugs business finds virtually all this

research cash itself. However, it can be argued that the exis-tence of a UK drugs price-regulation scheme which operates in favour of locally based suppliers is an incentive to invest in research and underwrites, indirectly at least, some of the

sector's R&D spending. Apart from Britain, the US, Switzerland, West Germany and France all have healthy trade balances in pharmaceuti-

A look at the structure of the industry reveals a high degree of concentration. Altogether, there are about 10,000 companies involved in pharmaceuti-cals around the world. Of these, the top 100 account for ronghly 80 per cent of total sales, according to a recent report* on the world pharmaceutical sector from World Health Organisation. Drug consumption is similarly concen-

CONT	
Purchase and regulation: the State's ubiquitous role	Over-the-counter: new companies move in 4
R&D: no guarantees of success Blotechnology: a basic research tool 2	Product liability: dire consequences of defects
New products: the next potential money apinners	Advertising: direct-to-concumer campaigns stir controversy 5

trated, with the 25 per cent of the world's population living in the developed countries responsible for about threequarters of total drug pur-

In terms of overall markets, North America accounts for 30 per cent of all sales, with Western Europe slightly behind et about a quarter. Roughly 15 per cent of the total market is in Japan.

About four-fifths of all drug sales may be categorised as so-called ethical drugs, which are available only on a doctor's prescription, while the rest are sold with relatively few restrictions over the counter in retail outlets.

At the top of the tree in the pharmaceutical world are a group of 10 or so large compa-nies with marketing and pro-duction operations in all the main countries and annual sales in the \$2bn to \$3bn range. These companies are often highly profitable.

This category includes Merck, American Home, Lilly, Abbott and Pfizer of the US, Hoecbst and Bayer of West Germany, Britain's Glaxo and Switzerland's Ciba-Geigy and Sandoz

So far at least, Japan is not a major world player in drugs. Although the country bas some big drug companies (the largest of which is Takeda) they operate mainly in Japan, which is the world's second biggest pharmaceutical market after the US.

Slowly, however, the Japanese companies appear to be becoming more internationally-oriented. Often the Japanese industry prefers to license products to non-Japanese companies to sell overseas rather than to market its products itself outside its home terri-

Over the next few years several factors are likely to be of increasing importance in the pharmaceutical industry;
Drug demand. In the past decade, pharmaceutical industry output has risen at a

healthy rate, in many devel-oped nations at about 10 per cent a year. Observers in the business believe this state of affairs should continue for the foreseeable future.

Unlike many consumer goods, use of drugs is virtually unaffected by recessions. Furthermore, with a more affluent, educated population in many

industrialised countries who are more aware of health matters, general interest in using medications can be expected to continue to rise.

35

• Demography. Another fac-tor which should belp the drugs sector is the changing age profile of the population in many parts of the developed world, with the proportion of old people increesing et an accelerating rate. This cannot but belp the bealthcare business on the grounds that elderly men and women con-sume more medicine than yonng ones, particulerly because of age-related diseases like heart disease - which is to the number one killer in many countries.

 New scientific techniques. The use of genetic engineering to come up with new drugs, and other areas of bioscience which give greater understand-ing of how proteins and other naturally occurring mecha-nisms are involved in disease processes, may give the healthcare industry powerful tools to belp in developing new prod-ucts. Some of these methods may help researchers to be more selective about finding chemicals which may fight specific ailments, possibly cutting out some time-consuming pro-cedures in current research

and reducing costs. Biotechnology-linked research methods could make it possible to come up with product breakthroughs to fight conditions like cancer and ADS

 Brain research. Another important set of research advances is throwing fresh light on the workings of the brain. That may be important in the development of new medications to help personality and mental disorders, as well as specific conditions like

migraine. The brain is now recognised as an area of medicine where many problems are difficult to treat with any reliability using existing drugs.

• Government cost cntting. Less belpful than these factors to the healthcare industry is the increased desire by many governments to reduce their pharmaceutical spending. This is already putting pressure on the industry in Japan and West

Germany.
 Safety issues. Controversies over drugs like Opren, a Lilly-Continued on page 5

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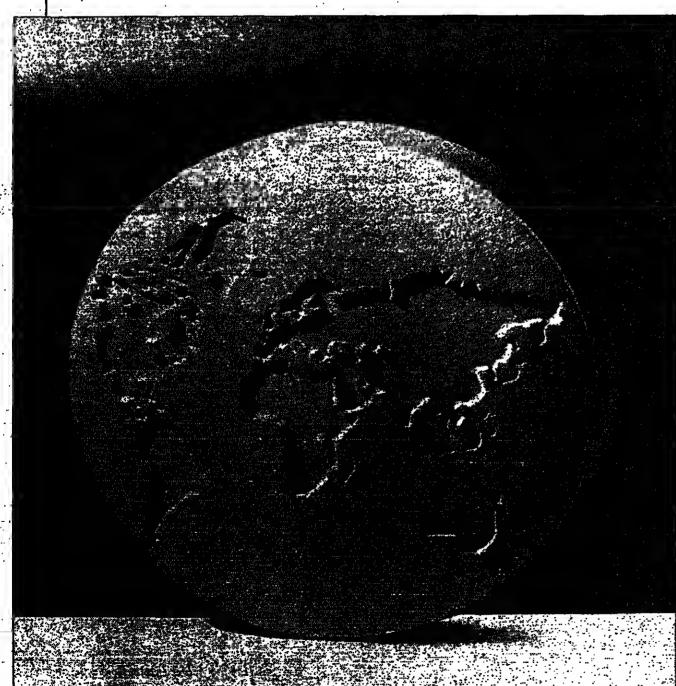
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Government regulation

UNE MARKET IN WHICH LAXO IS MAKING AN IMPRESSIO

i... ...



It's sometimes said that British companies fail to take a sufficiently international view of markets.

And that although good at originating ideas, we're slow to develop and exploit them commercially.

As far as the UK's pharmaceutical industry is concerned, the record speaks for itself.

Not only does it enjoy a global reputation for innovation; its products are sold in virtually every country around the world.

Glaxo is at the forefront of this national and international success story.

Our commercial strategy is focused on prescription medicines to treat the world's common illnesses, and on the purposeful expansion of our operations in international markets.

87 per cent of our sales last year were outside the UK and, with exports of £485 million, Glaxo accounted for about half of the UK's positive balance of trade in pharmaceuticals.

Our research philosophy is no less single-minded.

We remain committed to invest the substantial sums required to discover and develop the new medicines which we expect to form the basis of our success - five, ten, fifteen and more years ahead.

In the meantime, good medicines, successfully marketed, have helped Glaxo rise from fourth to second place in the world ranking of pharmaceutical companies within the last year.

That's encouraging news for our shareholders, our employees and for the millions of people we help to treat.

And it's proof, though we say it ourselves, of what can be achieved by looking and acting beyond the traditional frontiers.

axo

WORLD LEADERS IN PHARMACEUTICALS

PHARMACEUTICALS 2

Drug purchase and regulation closely involve governments

The state's ubiquitous role

THE NEXT time you go into a supermarket, imagine all the goods you select to take home are consumed by someone else. Imagine also that another per-son pays for them. This topsyturvy situation is analogous to what happens in much of the world's pharmaceutical indus-

try. In most countries choice over purchases of prescription drugs is left to doctors. The physician neither uses the pharmaceutical - tbat of course is the province of the consumer - nor picks op the hill. Paying for the product is normally left to another party: either a government bealth agency or an insurance com-

In some countries, including the US and some West European nations, the consumer may make a direct contribunon to payments, though this is generally small.

The stresses this state of affairs places on purchasing patterns go a long way to explaining the peculiar nature of the world's drug industry and wby many of the rules and practices which govern other business sectors do not apply. Many of the tensions in the industry follow on from the ubiquitous role in drug purchases and regulation of gov-ernment departments. In many countries in the developed world, the state gets involved in pharmaceuticals in five main ways.

· Procurement. The government health agency in many countries is the higgest purcbaser of drugs, sometimes acting in partnership with a private sector insurance organisation. Hence govern-ments have a big role in pharmaceuticals purely from a pur-chasing point of view. Although the consumer indirectly pays through taxation, the involvement of the state removes him or her from exer-

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cising choice over the medication based on price - one of the normal factors which influence selling patterns for many other types of consumer goods.

• Licensing. The state plays a hig part in determining which pharmaceuticals enter the marin question depend crucially on ket in the first place and which then become available for consumption. It does this through establishment of rigorous testing procedures which drugs in development must comply with to ensure they are safe and work efficaciously. Assuming they pass these tests the products get a licence to become generally available. The exis-tence of the trials, and the volimportant in influencing the commercial success or failure of a new medication. umes of data which a pharma ceutical maker must produce to prove they have been exe-cuted properly, adds to the expense and time in hringing a medication from the invention

 Generic substitution. Partly through policies linked to some of the above four areas, gov-ernments can try to reduce their drugs hills by boosting the use of generic drugs -copies of off-patent hranded stage on to tha market. Industrial strategy. Governments, as a result of their pharmacenticals which are monopoly or near monopoly over drug purchasing in their normally significantly cheaper. In the US, in particular, generic drug sales have risen rapidly in recent years and territories, often try to use drug purchasing as a vehicle of industrial policy. By favouring now account for about 30 per locally based drug suppliers cent of total pharmaceutical this can be done by letting them charge higher prices than revenues There is often a tension hetween the mainstream reseach-hased drug industry concerns established outside the country concerned - the government agency can stimuand companies which concen-

ceutical sector. In some counics concerns for eating into their sales and doing all they tries, Britain and West Germany are good examples, can to erode patent protection. The research-based drug indus-try in many developed nations this policy has worked effec-tively and bas led to strong domestic healthcare businesses which are significant employdirect particular antipatby towards producers of generic drugs based outside these ers and exporters. • Patents, Governments are the final arbiters of patent pronations. These producers sometection, a much more impor-

times ship in large quantities of products which are said to tant aspect in pharmaceuticals than in many other industries, In such businesses, engineerbe chemically the same as the branded counterpart but may have been made to lower qualing and electronics for examity standards, ple, general technological Pharmaceutical companies know-how which is difficult to

protect legally, rather than a are frequently in at least some given arrangement of mechameasure of conflict with govnisms which can be patented is likely to be the fundamental ernment agencies over all five of these areas. Pricing is factor determining whether a specific product sells well. always a controversial issue. Many drug companies spend a lot of their time lobbying gov-In drugs, in contrast, technological expertise may be impor-tant, but the sales of the item

ernments to allow what the businesses say are fair prices to permit them to recoup their the chemical formula of the product - which is relatively high research and development costs. product - which is relatively easy to patent. Especially in the light of the long develop-ment times prevailing in the drugs world, the rules laid down by governments ovar length and conditions of patent protection are likely to be The issue has been especially important in recent years in West Germany and Japan, where the governments hava been attempting to cut healthcare spending. In the US, the biggest phar-

in the US, the higgest phar-maceutical market, there is general complaint by the drugs industry at the length of time, which can often be sevaral years, which it takes for the Food and Drug Administration to assess medications' efficacy before they are allowed to go on general sale. As at least a partial compensation for the industry, however, under a fed-eral law enacted in 1984 the FDA can grant patent exten-sions of up to five years in the case of drugs which have been held up for particularly lengthy periods in the assess-ment stage. That can lead to an extension of the normal patent life in the US of 17 years which provides an axtra period in which the drug com-pany can market its product

trate on generic copies. The former often blame the generfree from competition from generics businesses. In Western Europe, healthcare companies are continually lobbying for a system along these lines to be introduced. The standard patent life on the Continent is 20 years, but allowing for a development period of 8-12 years, drug companies often only have as little as 8 years left of the patent period in which to market a

new formulation after the product has been licensed. The case of the European

over the next few years.

Community, with its proposed dismantling of trade barriers by 1992, poses extra questions of government regulators. Under the planning for the post 1992 period, the rules over drug pricing and licensing for the whole of the EC are due to be harmonised to free up trade in drugs between the different countries. Given that the rules over these areas at present

vary widely between the indi-vidual nations, this issue will present severe prohlems for the officials working on the subject Peter Marsh

RESEARCH AND DEVELOPMENT

No guarantees of success

TO WORRY or not to worry? That is the question that investors in the pharmacentical sector face when they take a look at the bill for research and development.

Consider Glazo. It has earmarked £500m for a new research centre. Is that profigate? Or a sign of desperation? Perhaps it is simply keeping ahead of the Jones's, an indica-tor of the company's prosperity and confidence. The answer is that there is

no easy answer. There are no easy answer. Intere are plenty of promising areas for research which hold the prom-ise of huge sales: AIDS, migraine, cancer and growth hormones. The problem is how to turn ideas into mass-produc-tion of drugs tion of drugs. It costs a lot to create a new drug - the usual industry fig-ure is £100m to £120m. Cash is

no guarantee of success. Dn Pont bought the pharmaceuti-cals unit of Baxter, Travenoi two years ago for \$425m and is spending \$150m a year on R&D without much to show in terms of hig selling products so far. A score of merely promising products in the pipeline has only a negative affect on the bottom line.

A company's track record may be a better indicator. It can provide a form guide to the effectiveness of research philosophy and expertise. But it is more widely held that key individuals can make or break a company. Last month's Nobel laureate for medicine is a case in point. Sir James Black, headed R&D teams which pro-duced top selling drugs for ICI, Propanalol to slow the heart, and the anti-ulcer treatment cimetidine for Smith Kline. Sir James also revolutionised

research techniques in a way that seems likely to affect the sorts of companies which will he successful developers of new medicines. The traditional route to the breakthrough, jok ingly called bucket chemistry, is to take a chemical you know has both beneficial properties and bad side effects. You perform a variety of process es to It and see whether you have eliminated whatever was wrong Repeat until you hit on the tight chemical. What Sir James ploneered was a more logical approach. identify in advance and in

detail what specific biochemi cal interaction needs to be blocked or stimulated and design a molecule to do that job. The cost advantage comes from a sharp reduction in the number of chemicals screened. Ironically the change that

cals and to begin the long process of screening out the duds," said Dr Kevin Wilson, pharmaceuticala analyst at Philips and Drew. "Now it is once again possible for a group of talented dedicated workers to lock themselves away for a

few years and come up with an testing the drug on healtby people; Phase I, testing the drug on iil people to see if it has the desired effect; Phase III, testing in competition with effective drug effective arug." But finding the drug is only the start of the R&D process. Of the £668m spent by British drug companies on R&D in 1987, only about 30 per cent placebos and, in some cases, went on tha R. Tima is what costs in development. The com-plexities of clinical testing and regulations can take the best against competitor drugs. Phases I and II test the effi-

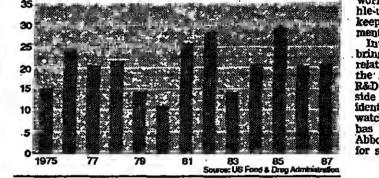
ciency of a company's research philosophy and skills - how quickly can pharmacological blind alleys he identified as such. Bnt the key to subsepart of the 20 year patent granted to new drugs. "Small companies can make breakquent status as star drug or also-ran is in Phase III. throughs, but will have all the disadvantages of a vertical Research effort: selected US/Europe companies

	• •	
Merck & Co.	4,600	510
Giazo	4.000	405
American Home	2,400	200
SouthKline	2,500	340
Pfizer	2,400	320
Johnson & Johnson	2,600	335
Sandoz	2.500	390
EU LIRY	2,900	375
Briatol-Meyers	2,500	275
Roche	3.000	470
Upfohn	2,000	320
Squibb	1,200	205
Warner-Lembert	1.400	185
Schering Plough	1,600	200
American Cyanamid	1.350	190
		Source: Warburg Securitie

R & D expenditure in US

\$ billion (by members of PMA) US Pharmaceutical Manufacturers A

US new drug approvals



enterprise, said Professor Tre-vor Jones, Wellcome's Director of Research, Development and Medical. "The crunch will come in development and sales." The world's biggest selling drug, Glaxo's Zantac anti-ulcer treatment, made its name in just anch head-to-head Pbase III competition. "It was shown finade by US rival SmithKline Beckman] and could sustain a There are three phases in the establishment of a chemical as a marketable drug: Phase I. premium price," said Dr Wil-son. "Glaxo's is a case of a company being made by a mol-ecule."

FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

Phase III testing has to be carried out in many countries simultaneously for four com-pelling reasons:

 Licensing. Many countries have rules that require some of the testing of a new drug to be carriad out there. Japanese regulatory authorities, for example, argue that the physi-ology of the Japanese people is different enough from those in the West for the necessity of separate tests to be carried out there. "There are isolated cases where this is true, but in gen-eral it is not," said Professor

Jones. • Marketing. Companies pay to do trials. US doctors can be paid over \$1,000 per patient and in a big trial there are several thousand patients. Con-vincing the right doctors of the advantages of a drug is a prerequisite for success: most of the world's drug huying decisions are made at a national or regional ievel partly on the basis of advice from the medical profession.

 Pricing. The success of Zan-tac in comparative tests meant that it could sell at a premium price which, in turn, could be sustained in the key US market because doctors there are keen to prescribe the best drug available. This is not only out of fear of litigation from patients asserting inadequate quality of treatment, but also because insurance companies because insurance companies usually pick up the bills any way. The need to generate a high launch price is strong in Japan. "Being demonstrahly better than the competitor is particularly vital in Japan, not least because the price falls quite quickly after launch as the Government tries to keep a lid on costs," said Dr Wilson. Intelligence, With research going on simultaneously in dif-ferent laboratories around the world, research centres douworld, research centres douhle-up as listening posts to keep up with new develop-ments.

Internationalisation wiil bring in new competitors. A relatively unknown quantity is the impact of new Japanese R&D will have on markets outside Japan. Professor Jones identified three companies to watch out for: Takeda, which

World leaders in pharmaceuticals"							
any	Country of origin	Total revenues	Pharmaceutical revenue	Other activities			
	ŲS	5,061,3	4,227.0	A Review States			
Selgy	Switzerland	10,576.3	2,983.60	Agrichemicals, chemicals			
st	West Germany	20,565.4	2.808.1e	Agrichemicals, plastics, Abres			
	UK	2,632.0#	2,632.0				
a	Japan	4,129.31	2,432.2	Chemicals			
can Home	US	5.028.3	2,359.4	Hospital supply, consumer			
	US	4.919.8	2.331.2	Medical equipment, chemicals			
2	Switzerland	6.024.2	2.314.7e	agrichemicals, chemicals, nutrition			
ly	US	3,643.8	2.271A	Agrichemicais, diagnostics			
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BIOTECHNOLOGY

Buzz-word to research tool

IN THE past few years biotechnology has ceased to be a pharmaceutical industry buzz-word and has become a basic research tool. The term describes a range of scientific procedures concerned with altering genetic material in living organisms either to develop new biological entities or make existing natural processes more efficient

Several dozen companies have been formed in the past dccade to exploit the novel principles of blotechnology commercially. Virtually all the big drug companies have taken on hoard these concepts to make them a standard part of their library of techniques in research and development. Many of the new biotechnol-

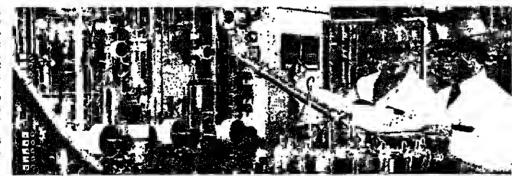
ogy methods have evolved from experiments in the mid-70s involving the identification and manipulation of genes the biological fragments that both act as the code for the reproduction process and pro-vide instructions for making the proteins on which the bod-ics of animals depend.

According to many in the pharmaceutical industry, these gene-based research methods provide valuable adjuncts to the traditional way of produc-ing drugs. This last route essentially comprises testing a stream of different chemicals on a piece of hiological mate-rial - either in a test tube or in a live animal - to see if it produces a change in a natural

process. The problem with the conventional methods is their hit-and-miss nature. With biolechnology, it is argued, scien-tusts can first understand the way genes influence the course of specific diseases - cancer could be a good example - and then design a new drug pur-pose-built to interfere with this process to stop the disease or

hold up its advance. The key to making the hio-technology-based ideas a useful part of drug discovery lies, so many observers believe, in grafting the new methods onto the traditional techniques of synthetic chemistry which have underpinned the pharmaceutical industry up to now.

This boils down to producing a fragment of biological mate-rial, perhaps based on a natu-rally occurring protein, that acts in a prescribed way. It can then be added to a convention-ally synthesised chemical of such a structure that it is easlly accommodated in the



rea: Robert Fleming Securities

BASF's biotechnological pllot plant: now a standard part of pharmaceutical R&D

human body and has minimal side-effects. Mr David Leathers, director of Ahingworth, a London-hased venture capital company which specialises in hiotechnology, says that already the pharmaceutical industry is starting to bring together these disciplines. Increasing num-bers of the drugs passing through the research pipelines of the blg pharmaceutical com-panies owe at least some part of their development to hio-technology techniques, he

claims. The pace of progress in biotechnology has, however, been slower than some Imagined it would be during the late 1970s when there was a rush of excitement about the potential of the new techniques. Since those days, more than \$3bn has been raised to fund new or recently started biotechnolo-gy-based companies in the US

Most of these companies, the best known of which include Genentech, Cbiron, Genetics Institute and Centocor, are involved in some aspect of healthcare although others are concerned with hiotechnology aspects of areas such as production of pesticides or fine chemicals.

US companies involved in biotechnology - including not only the new concerns hut big, established drug companies such as Merck. Smith Kline & French and Squibb - are spending about \$2bn a year on biotechnology research and dcvelopment.

lished scientific processes, has meant that new biotechnoio-gy-derived products bave been entering the market at a less For all the cash that has gonc into the techniques, only about 12 biotechnology-derived drugs arc actually on sale. These are mainly substances similar to naturally occurring proteins that can be made on a than galloping pace. However, there appear to be many such new formulations large scale using hiotechnology in the pipeline. According to a methods and which have a receot study from the US Phar-

recognised therapeutic effect. The products include Actimaceutical Manufacturers Association, 81 biotechnology-based drugs and vaccines are vase, a drug that Genentech developed for dissolving the blood clots that can kill vic-tims of beart attacks, and in development in the US, of which 67 are in clinical trials and 14 awaiting governmant approval to enter the market. If there is one cloud hover-Roferon, a form of naturally occurring interferon made by F Hoffmann-La Roche of Switzering over the future for biotechland that treats some cancers. Total sales within the US of nology, it concerns patent pro-tection. The laws concerning patenting of new drugs based on naturally occurring prohiotechnology-derived drugs will add up to no more than \$500m this year, according to Consulting Resources, a Massa-chusetts-based consultancy specialising in bealthcare. The relative stallness of the cesses or substances are

extremely unclear in virtually all the countries in which biodeveloped. A series of legal cases now contribution today of biotechnology in terms of products and direct revenues has disapgoing through the courts in both Europe and the US is testpointed some onlookers who had been lulled hy the initial ing the degree to which devel-opers of drugs based on these razzamatazz to expect quicker progress. "Biotechnology bas captured

opens of drugs based on these principles can expect a reason-able period of monopoly selling rights before competitors are permitted to sell copies. The principle of patent rights over biotechnology prod-ucts is extremely important, according to many in the industry, and will have to be cleared up soon if the industry the interest of the public and Wall Street, yet both have been occasionally disillusioned by the risks and revised time-frames for introducing com-mercial products," says a recent report* on hiotechnol-ogy from the Office of Technol-ogy Assessment, a research cleared up soon if the industry is to prosper. "Traditional pharmaceutical companies

ogy Assessment, a research arm of the US Congress. Observers in the industry say that the pace of change in the drugs field is intrinsically slower than that in many other husinesses – electronics, for have relied on patents to give them a prolonged period of sales for their products in which they can recoup research and development costs," says Mr Trevor Twose, example - due to the lengthy trials procedures involved in trying out formulations on a UK drug industry consultant. "If hiotechnology companies find they cannot rely on the same degree of protection, then they will be less likely to take the risk of putting money into the development of new prodhuman beings. This, apart from the basic complexities of introducing a new range of dis-ciplines into a set of estabucts.

Peter Marsh

US Investment in Biotech-Assessment, \$13, ovailable from Government Printing Office, Washington DC 20402-9325.

Sir James pioneered for glants of the industry is likely to make it easier for smaller companies to make an impact. "Big research centres are geared to producing thousands of chemi-

bas had a joint venture with Abbott laboratories of the US for several years, Kanabe and Fujisawa. **Daniel Green**

PROFILE: SANDOZ

Vision of 1970s pays off

SANDOZ, the big Swiss pharmaceutical company, is commonly regarded in drug-in-cess of Sandoz (and of Giano) is dustry circles as having the capability "to do a Glaxo" over the next few years.

In other words, it is thought of as being well placed to emu-late the Britisb company in leaping up the world league table in pharmaceuticals by dint of a strong product line with promising drugs now in the development stage.

While Glazo is the world's fourth biggest pharmaceutical company, Sandoz, with drug sales last year of SFr4.1bn (£1.5bn) is in eighth place. But it has been increasing its mar-ket ahare rapidly in recent years; in 1985 it was in 12th position in the pharmaceutical industry ranked hy sales. Sandoz'a climb illustrates

the long cycles which deter-mine the progress or otherwise of companies in pharmacenti-cals. With development of a

bound up not only with the strengths of its current day marketing department hut with the skills and vision of its research workers back in the 1970s.

The rise of Sandoz has taken The rise of Sandoz has taken place largely on the back of extremely good sales of San-diminun, a drug used to com-bat the mechanism of biologi-cal rejection which often takes place in transplant surgery. The drug, sales of which came to an estimated SFr400m last var, is rapidly becoming

last year, is rapidly becoming administered as a standard part of such operations. According to Barciays de Zoete Wedd, a London stockbroker, revanne from the product is increasing at 15 per cent a

As a result of this Sandim-mun is expected to become Sandoz's top-selling product this year, toppling from this

position Zaditen, an older drug on drugs R&D. used to treat asthma. Sandoz has

A further boost to the company may come from use of Sandimmun in treating ailwith disorders of the immune system. Onlookers believe the drag could over the next few years receive govarnment approval for treating arthritis and psoriasis (a skin disease), providing significant extra revenue.

Observers are particularly impressed by some of the products emerging from the stage of research and development, an area where Sandoz is currently spending about SFr600m a year, or roughly a sixth of pharmaceutical sales. The com-pany has been especially keen to channel research resources into new areas of biotechnol-ogy, an area which according to Mr Hans-Peter Sigg, Sandoz vice chairman, accounts for 13 per cent of the total cash spent

the company'a headquarters was abifted for tax reasons from Mannheim, West Ger-many – where it still has its

main manufacturing and research activities - to Ber-muda. To anyone wondering

about the the company's name,

Mr Engelhorn explains that Corange is the family name spelt backwards in French.

There must be an irony here somewhere given that France is the only major West Euro-pean country in which Corange

Sandoz has especially high hopes for Sandostatin, a drug which inhibits the release in the body of a specific hormone and which could be used for treating a range of ailments including Alzheimer's disease, diabetes and certain forms of cancer. This product is already available in a few European countries and its release in other large markets is expected over the next few years, pending government approval.

The Swiss company is also trying hard to huild up strength in over-the-counter drugs. In this field it has recently signed a deal with Glaxo under which the com-pany will attempt to develop an over-the-counter version of Zantac, the UK concern's highselling ulcer medication which at present is only available on prescription.

Peter Marsh

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Global group goes offshore equity structure and manage-ment. As part of this reshuffle,

PROFILE: CORANGE

AN ILLUSTRATION of the of these concerns started life in international nature of the the last century as familyinternational nature of the pharmaceutical industry is pro-vided by a look at the affairs of owned oparations, often hranching into drug develop-Corange, a Bermuda-registered company with sales and devel-

ment through retailing or another segment of the chemiopment operations spread around the globe. The activities of the com-pany, hetter known by the name of its trading arm, Boeh-ninger Mannheim, also under-ling the husiness links midet In the case of Corange, which was set up in 1859 in Germany, the country where it is hest known and which accounts for about a quarter of line the business links which can develop between pharma-ceuticals and other related

its sales, the ownership pattern is still similar to what it was at the time of the company's foundation. All the shares are held hy about 20 members of the Engelhorn family, which has been closely involved with the affairs of tha company since its inception. An Engel-

does not trade. Only about 30 per cent of the company's sales are accounted for by pharmaceuticals, a field in which its best known prodhorn is also in day-to-day charge of Corange in the shape of Mr Curt Engelhorn, chair-man and chief executive offiuct is a drug called Euglucom which is given to diabetics to lower blood sugar. Corange is also heavily involved in diag-

The company took on its curnostic reagents and systems, a fast growing area with several rent name, however, only three years ago after changes in its obvious links to the pharma-

ceuticals field.

Diagnostic products are sold to the same healthcare profes-sionals who have to be con-vinced of the efficacy of spe-cific drugs. Their development, also, relies on scientific princi-ples which closely parallel those used in the design of new obstrmaceuticals intended to pharmaceuticals intended to tackle particular illnesses.

Corange, which gains about half its revenue from diagnos-tic products and a further 20 per cent from specialised chem-icals such as biocbemical reagents, is especially keen to develop diagnostic systems which can be used by patients without requiring the atten-dance of a doctor. The com-pany is already for instance, well known for systems which are used hy diabetics in their homes to monitor blood sugar levels. levels.

Peter Marsh





world's financial centres. Many

as to the origins of many of today's big pharmaceutical companies, virtually all of which are publicly-quoted with shares freely traded in the CEL

areas such as diagnostic equipment and fine chemicals - two areas of commerce in which Corange is also involved. Corange is also involved. The ownership structure of Corange, which had sales last year of \$1.6bn, provides an interesting historical reminder

Cyanamid re-cycled waste exhaust gase

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In hard cash, Cyanamids' saving was around £80,000 a year.

Impressive isn't it?

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Cyanamid themselves were so impressed they turned their attention to the boiler house.

By improving its fuel efficiency, bills went down by another £50,000.

But they didn't stop there.

In a third energy efficiency programme they installed a combined heat and power plant.

That will save an estimated £500,000.

Don't think Cyanamid are the only ones that make savings.

Reckitt & Colman, on a 35 acre site in Hull, installed

4

an automatic energy management system for all their power, lighting and heating requirements.

The result was an initial drop of \pounds 147,000 a year. Since then, they have gone on to make further savings adding up to \pounds 770,000 a year.

Smith & Nephew Plastics is another example. At a cost of \pounds 11,000 they modified their fan motors which showed a benefit of \pounds 12,000 in the first twelve months alone.

Have you read enough to make you contact your Regional Energy Efficiency Officer?

If you can't find them in the phone book, ring Carole Castle on 01-211 5779 for the number.

Energy Efficiency Office

shol





Among the industry's next potential money spinners are drugs to alleviate

Heart attacks, strokes, baldness

WHICH will be the next blockbusters? There is much speculation aboot the drugs Switzerland. All these compa-nies have three products in the now emerging from the research pipeline of the phar-maceutical industry which might turn out the hig money spinners of the next few years.

As for how the profile of the top 50 drugs will change over the next few years, onlookers the next lew years, onlockers expect a good performance from several Japanese prod-ucts, among them Avan. This is a drug sold by Takeda which belps the recovery of stroke victims. Launched in 1986, Avan sales catapulted last year to some \$250m Behind the question is the argument over which compa-nies have the research expernies have the research exper-tise and marketing muscle to come up the next Zantac and Tagamet. These are two anti-ulcer drugs, sold by Glaxo of the UK and the US's Smith Kline & French Laboratories, both of which have annual sales of more than \$1hn. If Zantac and Tagamet are the only drugs at present with annual sales of this order, it seems likely that they will soon be joined by two heart

Other products likely to do well include Bayotensin and Cardizem, two heart drugs made hy Bayer and Marion Laboratories, and Buspar, a new form of tranquilliser mar-keted by Bristol Myers. Janssen (which is part of Johnson & Johnson) and Glaxo are both developing other new products for brain disorders - for treating schizophrenia and migraine respectively – which are rated by some observers as potential smash hits.

seems likely that they will soon be joined by two heart drugs, revenues from which are racing upwards. The two medications are Capoten and Vasotec, made by Squibh and Merck, two blg US companies. According to some analysts, Largely because it is both novel and strikes at a huge market, Rogaine, a drug made by Upjohn to combat baldness, the two products, which both belong to a fast growing group of medications for beart ali-ments called ACE inhibitors, could both break the \$1bn e may also turn out a winner. year sales mark by the end of

this year or early in 1989. Merck, the world's biggest drugs company, has several other potential blockbusters passing through the research phase or which have recently gone on sale. Among them are Prinivil, another ACE inhibitor, and Mevacor and Zocor, two products for lowering cho-lesterol levels in blood and thus reducing the risk of beart attacks. Each of these three products, according to observ ers, has the potential of ers, has the potential of accounting for annual sales of bundred of millions of dollars by the mid 1990s. The strength in depth of Merck is illustrated by a list of the world's 50 top selling drugs last year compiled by Robert Fleming Securities, a London stockbroker (see accompanying stockhroker (see accompanying table). Of these top 50 drugs, all of which had sales in 1987 of

above \$215m, Merck accounts for no fewer than six. The next best-represented companies in this league table are Glaxo, the UK's ICL and

THE WORLD of aspirins,

are likely to become blockbusters, several rules of thumb apply. Products in new thera-peutic areas are likely to do well. Hence Activase, a form of a protein called tissue-plasmi-

nogen activator which is sold by Genentech of the US and which is one of a relatively new class of drugs used for treating heart-attack victims, has raced away to sales of an estimated \$100m or more in its first year of marketing. Acti-vase dissolves the blood clots which cause heart seizures.

The longer-term future for the drug, which became avail-able at the end of last year, is, however, uncertain partly because of its high price : a single dose costs more than \$2,000. Another complication is that the use of Activase has, ironically enough, triggered discussion about whether older, cheaper forms of treat-ment can work just as effectively.

This leads on to the second rule, which is that it is often the second or third product in a new drug category which may in the end outshine the

Top 20 branded products Worldwide

B	and Name	Generic Name	Company	Therapeutic Category		renues (\$m)
1	Zantac	ranitidine	Glasso"/Senicvo	H, antagonist	Duodenal/Gastric ulcera	1479.0
2	Tegamet	cimeticine	SmithKiine Seciman	H_antegonist	Duodenal Gastric ulcers	1132.0
	Tenormin	asencial	ю	Bets blocker (cardioselective)	Hypernansion	867.0
4	Capoten	captopri	Squabb	ACEInhibitor	Hypertension/CHF	779.0
5	Vasotec	enalapril	Mercic	ACEInhibitor	Hypertension	635.0
a	Adalat	nitedipine	Bayer / Tinkeda	Calcium antagonist	Angina/ Refractory hypertension	587.0
7	Neprosyn	haproxen	Syntax	NSAL	Arthritig	855.7
8	Voltaren	diciofenac	Ciba-Geigy	NSAL	Arthritis	544.1
S	Feldene	picodcam	Pfiper	NSAL	Arthritis	524.0
10	Ceclor	cetaclor	EILilly	2nd gen onal cephalosporin	Hospital infections	515.0
Ħ.	Cardizem	dittazem	Marion Laboratories	Calcium antagonist	Andine	425.0
12	Zaditien	ketotten	Sendor /Senityo	Asthma prophylactic	Asth-na/Allercies	390.0
13	Ventolla	salbutamol	Giaxo	Bronchodilator	Asthma	3677
14	Inderei	propanoiol	KC1*/American	Beta blocker	Hypertension/Angina/	376.2
•••			Home Products	(1stgeneration)	Migraine	
1S	Amosti '	amoxycElin	Beecham	Semi-synthetic	Univery tract/Middle ear	366.5
18	Dyazide	triamiarene/ hydrochlorothiazida	SmithKine Beckman	Diuretic (polassium spering)	Hypertension/CHF	365.0
17	Ketral	catacior	Shionogi	2nd gen orzi cephalosporin	Respiratory/Uninary tract Infections	363.8
18	Ortho-Novum	mestranol/	Johnson & Johnson	Oral contraceptive	Contraception	360.0
19	Krestin	knestin	Sankoro	immunostimulant	Various cancers	359.1
20	Claforan	catotaxime	Hoechst	3rd gen cephalosportn (inj only)	Hospital intections	356.4

market place. Thus Vasotec, the ACE inhibitor, was mar-keted after Capoten but is thought likely to have the higher potential sales. And Zantac came after Tagamet both belong to a class of drugs for treating ulcers called H2 antagonists - but has lept ahead in terms of sales. The reason for the later

ingly be given to sales teams paid by F. Hoffmann-La Roche of Switzarland, which has helped sell the product in forms of a specific new drug doing better than the first follows the marketing patterns which are readily discernible in many other industries. The America issue. A company will always prefer to build up sales quickly for a new product - while it is in the early stages of patent initial product alerts the mar-ket place to a new idea: later versions of the same basic

therapeutic system can improve on the earlier form of protection which stops makers of generic products copying the the product and reap higher sales as a result. formulation - rather than wait several years for sales to pick up. A drug that looks like being a blockbuster only 10 years after it has come on the A further general rule deter-mining whether a drug may be a blockbuster concerns a company's marketing strengths. Given a reasonably-useful new Given a reasonably-inserti new drug, the degree to which it is sold is very much dependent on the number of sales people a company can direct to telling doctors how good they reckon the prodoct is. As part of the

market, by which time the patent protection will probably have almost lapsed, will not do very much for a company's profits. Finally, luck is an important elsment. Sales patterns of eisment. Sales patterns of many new drugs are influ-enced not so much by what is known about the medication before it is launched but how the product turns out to affect me product turns out to anect patients once it is in wide-spread use. No matter how much clinical testing a com-pany may do on the product before it goes on sale, detailed forecasts about exactly how it is going to interact with peo-ple's bodies after the launch are often not much more than are often not much more than inspired gues

tion of new products, more

drug companies are organising

co-marketing agreements for new products under which other concerns help sell the

medication in question. Much of the credit for build-

ing up sales of Glazo's Zantac

in the US, a huge market for the product, should accord

Patent protection is also an

Peter Marsh

BUSINESS NEWS The Financial Times new twice-monthly international review of the Pharmaceutical Industry Pharmaceutical Business News is the essential digest that keeps decision-makers briefed on the vital moves that shape the pharmacentical industry: in-depth coverage and hard news from the world's harmaceutical markets insight into the latest developments in pharmaceutical research latest company performance and commentary from the world's financial markets informed comment on crucial legal and regulatory global reporting and analysis from the acquisitions, mergers and joint ventures front.

FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

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PHARMACEUTIC

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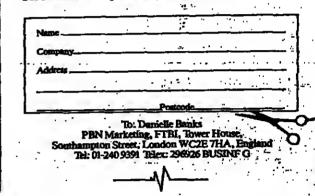
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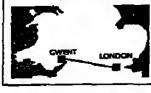
0 **Swent has the**

Major pharmaceutical company Warner-Lambert first established a base in Gwent 18 years ago and has recently transferred manufacturing here from Eastleigh in Hampshire. Bill Butler, Director,

explains why Warner-Lambert have confidence in Gwent: "The location is excellent and the M4 and the M50 provide swift links with the whole of Britain. "We have found no

difficulty in recruiting staff who have demonstrated their ability to learn new skills. In addition we are located close to a beautiful National Park. and the quality of life is second to none. In short, we enjoy being here!" Warner-Lambert is just

one of many businesses which have successfully made the Gwent Connection. To find out more, ring the Gwent Industrial Development Team on 0633 838867 for a free and confidential consultancy service. Or write to Gordon Probert, County Planning Officer, Gwent County Council, County Hall, Cwmbran, Gwent NP44 2XF.





laxatives seems just a stone's throw from the sombreness of the doctor's surgery. But the absence of that crucial scrap of etc paper - the medical prescription - means that this world is inhabited by impulse buyers, keep-fit fanatics, hypochoodriacs, drinkers, slimmers and the Total rest of us who simply want to 'feel better.' 1987-92

Sullivan.*

Supermarket medical shelves hulge with glossy designer packaging and there is no shortage of new companies prepared to pay stunning prices to secure a slot along-side them. Kodak, for example, last February paid \$5.1bn for Sterling Drug which has a high profile in over-the-counter (OTC) medications; in August, Fisons paid \$460m for Pennwalt, an OTC specialist, based

in New York, which lost \$3.6m in its first half this year. These prices reflect not only the value of the high street outlet but also a profound change in the OTC sector: the growing predominance of organisations whose expertise is in retailing and marketing, rather than research and development.

Already, Johnson & Johnson and Procter and Gamble are the second and third biggest advertisers of OTC medication in the US, ahead of such research-based giants as Merck, Ciba-Geigy, Sandoz, Upiohn and Hoechst, In 1987, \$1.27bn was spent in the US on advertising drugs and reme-dics, 6.1 per cent of the total spent on advertising.

In the UK, Beecham's strong brands have set the pace for competitors who want to make it in the OTC sector. The pros-

and the care of the elderly.

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Future sales of OTC internal medications in the US (current Sm)

pect of clashing with the mar-keting experts head-to-head than in the rest of the grocery sector. Branded aspirins cost up to five times as as much as has persuaded some pharmageneric alternatives which ceutical companies, notable Glaxo and Merck, that their cure your headache equally strengths lie elsewhere. This self-imposed exile from well. Even parts of the industry privately express surprise at the persuadability of conretailing will be hard to bear. Growth in OTC is set to over-take that of the ethical (presumers to pay for packaging and brightly-coloured eweet-

OVER-THE-COUNTER MARKET

New companies move in

"In Europe, the pharmacist, as opposed to the supermarket, will remain the traditional outlet"

scription-only) sector within a Branding generates loyalty. When a patent on a drug runs out, strong hranding and year or two, according to a report from US market research company Frost and heavy promotion can give it a new lease of commercial life. So strong is this process that Yet Glaxo has cut ties with it can even apply even in the ethical sector where Glaxo's Ventolin, used in mooth pumps to ease breathing, is now out of patent but staying well-known. Branding can also OTC - "we disposed of Farley Health food and Evans Medi-cal." said Mr John Barr of Glaxo. "One or two of our pre-scription medicines may go over the counter, hut strong brand images are not our area. OTC is a different sort of husihelp immunise a drug against obsolescence which eventually arrives in the form of new and clinically more effective formo-The chewy vitamin tablets that looks like Bugs Bunny is

lations, and loss of market share to cheap low-profile own-brands and generics.

no laughing matter and Glaxo is an exception in its attitude to OTC. There are several rea-sons for its lure: Costs are cut, or at least more controllable. OTC medi-Profit margins are higher cations tend to have had their safety confirmed by the test of tasting coatings on tablets. time before their transfer from the ethical side to OTC. The

notoriously high R&D costs

the more easily cash-limited departments of marketing and distribution.

oped countries grow older and richer, there is a rising demand for products seen to maintain or improve health.

In the United States, the high cost of medical treatment has established the habit of self-medication, US citizens spend \$30 per capita each year of OTC medication, according to Frost and Sullivan. General stores and supermarkets now sell more drugs than the tradi-tional outlet of the drugstore. There may also more unexpected benefits of having a famous name. Some 18 months ago Wellcome, a UK company, announced an Aids treatment called Retrovir. The potential

Source: Frost and Sullivan Forecasts growth for the sales of such a drug is as exposential as the forecasts for the spread of the disease itself. But City of London analysts were surprised by the alacrity of US investors and analysts who latched onto prospects for this foreign com-The reason? "Wellcome's

cough mixtures are in every American bathroom cabinet -investors has trusted them since they were kids," explained one Loodon analyst.

Indeed, Europeans tend to take a rather more studied

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and the UK as priorities -"the German market is domi-

notoriously high Rear costs have been recouped and the problems of bulk production have ironed out. The costs of creating and maintaining a successful OTC medication are transferred to

As populations in devel-

Wellcome has, however, an unwelcome low profile outside North America. The Actifed and Sudafed cough remedies that are part of many Ameri-cans' way of life do not figure much in the European psyche.

a rather more studied approach to drugs. "In Europe the pharmacist [as opposed to the supermar-ket] will remain the predomi-nant outlet," said Mr Godfrey Axton, the general manager of Wellcome's OTC division. Mr Axton, formsrly OTC marketing manager at the US company, Schering-Plough, has heen brought in to create a worldwide OTC strategy for Wellcome. Europe will be a prime target for Wellcome, he says. It accounts for 26 per cent of the world market, against 50 of the world market, against 50 per cent for North America with West Germany, France

nated by German companies

and we do not rule out the possibility of joint ventures there." says Mr Axton, "although we are not talking to

will jost get a little lon-

anyone in particular yet." He thinks that the opening up of West Germany may have to rely on the conversion of ethical drugs into OTC ver-sions rather than the development of brand-led products tailor-made for OTC. Industry backs the view that ethical-to-OTC will be the pow-

the road between the R&D lab

oratory which generates new drugs and the hard sell of the shopping mail will remain. It

ger. Daniel Green

Capital investment, £6 million in two years.

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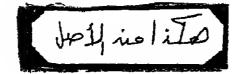
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erhouse to push OTC growth

rates past those in the ethical sector. The alternative is endless repackaging of the same drugs. This means that, despite the increasing importance of marketing and distribution



FINANCIAL TIMES TUESDAY NOVEMBER 8 1988 a na sala se ta sala na la sala ƙwallon ƙ

PHARMACEUTICALS 5

THE CASE of the Dalkon's PRODUCT LIABILITY the spines of many top erectives in the pharmacentical industry. It is a story about how one defective product; bankrupcy and forced it to set about dismembering itself to find ways of finding the cash

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to compensate victims. The Dalkon Shield, an intranterine contraceptive device, was marked in the early 1970s by A H Robins, a big US phar-maceutical company. The produch was later found to have led to a range of injuries to women and birth defects. As a result of court actions in the US, the company is being forced to find more than \$2bn to compensate au estimated 50,000 people around the world who have suffered serious problems as a result of the shield.

result of the shield. The one way out for the com-papy was to seek protection under the US's bankrupcy laws. As part of this A H Rob-ing purchased by American Home Products, another hig US drugs concern, whose offer; price for the company of some , \$3bn includes sufficient cash to pay the compensation. pay the compensation. The acquisition, agreed

between the two companies earlier this year, has still to be formally completed, pending fittal resolution of details of the legal scheme for handing out-money to victims of the A H birth defects in the case of Robin

soma pregnant women who The legal hattles over the have used the drug

Dire effects of defective drugs The debate about the possi-ble problems caused by drugs has had several consequences, all of which are likely to signif-Dalkon Shield - which may lead to some women harmed by the device gaining compensation as high as \$185,000 - has highlighted the risks to icant affect the way drug drug companies from products which turn out defective. The groups operate over the next Tougher testing. Pharmaceu-

proble problems, from the viewpoint of the pharmaceutical industry; are more serious in the US as a result of the legal tradi-tion in that country of awarding high levels of settlement to victims in personal injury TFurther controversy about widespread use are minimis

TFurther controversy about the side effects of some drugs has been stirred in recent years by other cases of medica-sions, which have been linked to medical prohlems in tha ficase of people taking them. Examples of such products have included Opren, an arthritis product sold by Eli Lilly of the US, which is shought to have led to a range of injuries including kidney problems, and Accutane, an acce medication, sold by F ment costs. acne medication, sold by F Hoffmann-La Roche of Switzer-

land, which has been linked to

after a company has gained government approval to mar-ket the product concerned. Sur-veillance efforts of this kind, whether conducted by compawhether conducted by compa-nies themselves or by govern-ment agencies, will, it is argued, show up possible defects in drug use as quickly as possible and minimise the chances of large numbers of people suffering ill effects people suffering ill effects.

* Better communications. There is also increased awareness of tightening up commu-nications channels involving healthcare products to ensure that doctors and patients com-ply as fully as possible with instructions as to tha conditions governing consumption of pharmaceuticals which may, tical companies have come under pressure to instigate more intensive tests during the

so it is often argned, have a big effect in determining whether a patiant suffers a problem from a specific product. development stage of a particu-lar drug to ensure that risks of injury once the product is in Understanding risks. Many people, particularly those out-side the drug industry, are understanding better that vir-tually all drugs carry risks to health as well as likely bene-tits. Prosting when the Such tests may include new methods to assess the degree to which a chemical can remain in a person's body until long after it has been ingested and finally have a harmful effect many years after the person's fits. Exactly where the trade-off lies is determined not only hy tha diligence with which drugs companies have treatment has stopped. The stricter trials are likely to increase further drug developundertaken research to minim-ise ill effects of their products but also, at least to soma degree, by a factor which is virtually impossible to calcu-More consumer studies.

There is increasing interest in late - the particular physiol-ogy of the person taking the post-marketing surveillance of drugs - computerised surveys of the effects of pharmaceutimedication cals once they are in use by tens of thousands of people

Peter Marsh

7.6

Peculiar stresses

carefully about the side effects of strugs. Both these products have been shown in recent years to be responsible for a significant number of health problems as a result of unpredictable ways in which they have interfered with the body'a physiological mechanisms. Duplication in research. Many in the industry believe that the increasing volumes of

cash that companies are spending year by year on R&D may prove a millstone about tha sector's neck, According to this argument, many of the compa-nies which are pouring research resources into products aimed at common conditions like arthritis and heart disease will find it difficult to gein a useful return from the

out of business. • Future, regulations. For companies operating in the European Community, in particular, this area poses a series of questions that are virtually tmanswerable at the moment. As Europe gears up to elimi-nate trade barriers from 1992,

government officials and industry representatives are struggling with the issue of how to bring about a general harmonisation of the widely different government regula-tions affecting drugs across the Continent. How this debate works out

over the next few years will greatly affect the pharmacetti-cal industry'a future operations. It will have a bearing not just on European com-

for each major therapeutic class* Therapeutic class' 1975 1980 1983 1984 1985 Cardiovascular 14.0 16.1 16.8 173 18.1 17.6 17.6 17.6 Internal medicine Analgesics Respiratory Mental bealth 14.6 14.5 14.6 15.9 14.5 15.0 13.6 13.5 12.9 7.1 8.5 7.8 7.7 6.9

7:1 7:1 7:7 15.7 7.3 14.9 7.6 15.8 14.0 Other . . .

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⁵Source: CAPLIN D & GAMEA J. Pharmaceuticels strategy paper, Westington DC, World Bank 1995; SCRIP, Westook 1997.

"Global study of the pharmaceuticel inclusivy, Unpublished UNIDO document, ID/WG.331/6,

1990. • This last example shows the limitations of the evaluation of drug consumption in terms of market wate. It would be more accumic to evaluate by volume, but no data are available. However, attrough differences in pricing policy for various therapeutic groups may attact the ranking of therapeutic groups according to market sales, sales can still provide useful politients

panies, but on many other US and Japanese businesses which now emerging from Japan. Fuelled by the volume of cash going into basic biology derive large pharmacentical sales from the Continent, R&D, Japanese companies are now making some potentially extremely useful products. * The World Drug Situation, Japanese drive. As a coda to the discussion as to what lies

World Health Organisation, 1211 Geneva 27, Switzerland, SwFr 20, Also available through HMSO.

US consumer campaigns stir up controversy

ADVERTISING

ADVERTISING is a difficult ethical issue for the drugs industry. The arguments have been

stirred np by a debate in the US over a series of campaigns by big drugs companies aimed at selling prescription medica-tions via adverts on TV and in widely circulated newspapers and magazines. This compares with the traditional advertising medium for drugs of journals read predominantly by physicians

Use of so-called "direct to consumer" advertising breaks new ground in the industry. It introduces questions about the degree to which the drugs busis is justified in using marketing techniques employed by many other businesses. They are open to question in the drugs industry because of the sensitivities touched by manyaspects of pharmacenticals In most developed countries,

ethical issues mean that the

money individual drug compa-nies spend on sales promotion is regulated as part of a scheme administered by the Health Department to control pharmaceutical industry prof-its. Under this scheme, compa-

nies are allowed to spend on promotion a set proportion of their annual sales of drugs to the National Health Service. In this way it is hoped to curb "overselling" of drugs which critics claim would otherwise add to the price pharmaceutical companies charge for their products.

The arguments over advertising are complicated by the fact that, on one hand, many pharmaceutical companies argue that they have a right, within the normal limits of law and public decency, to use what means they think fit to

market their products. On the other hand many outsiders, together with significant sections of the industry

itself, say that due to the peculiar way most drugs reach the consumer there should be strict rules governing the influences brought to bear on sales patterns.

One of tha peculiarities of most pharmaceuticals is that. unlika virtually every other kind of consumer item, the choice of product is left not to the consumer but to a third party in the shape of a doctor. (This does not of course apply to non-prescription OL over-the-counter products, but these account for only a small part of the world pharmaceuti-

cal business.) A second factor that makes marketing techniques for medi-cines unusual is that nearly all and magazines. of these products involve the introduction of foreign , syn-thetic chemicals into the body. This practice, almost by definition, involves a certain amount of risk and is not something to be undertaken lightly.

For both these reasons the ethics of promoting the use of prescription drugs are clearly quite different from, say, pera certain variety of cornflakes. Most people in the health-care field genarally assume that only physicians, rather than the consumer himself, has the expertise to make judg-ments over the choice of medication for a specific condition. Addressing drug advertise-ments direct to consumers, according to this argument, is

fraught with dangers. A second school of thought one that at present at any rate is a minority view in the pharmaceutical industry and among observers of the business - argues that this strict interpretation of the ethics of drug-industry advertising is overly paternalist and does not take into account fully enough the consumer's rights to join in this decision-making process over products that will affect his or her body.

According to this opinion, a certain amount of direct-to-con-sumer advertising is permissable to raise patients' awareness of medications available. The traditional way for phar-

macentical companies to sell their products is through teams of sales people who visit

doctors. The efforts of these sales teams are backed up by general marketing campaigns such as invitations to doctors to attend new product launches.

Virtually all direct advertising of products, convention-ally, is in specialist medical journals read by few people other than doctors. In countries such as Britain - where there are strict rules over drug advertising laid down by the Department of Health and tha Association of the Brltlsh Pharmaceutical Industry, the husiness's trade body - a pharmaceutical company is not allowed to advertise its prodncts in ordinary newspapers

> "Promotions of this kind may

> > be dangerous"

In the US, however, looser rules apply and in the past year a series of advertisements run by drug companies to pro-mote products directly to the consumer have prompted considerable discussion. Sandoz, the Swiss drugs

company, caused a stir with a direct-to-consumer advert in the US for its anti-allergy drug called Tavist. The advertisement was clearly aimed at people suffering from allergies in the hope that they would then possibly mention Tavist to their doctors when they next attended a clinic for treatment, The Sandoz advertisements went further than other, hroader adverts run hy drug companies in the US in consumer periodicals which discuss general medical conditions for which the company has a formulation - without mentioning the product by name. This type of promotion again attempts to raise consumer consciousness about a particular area of healthcare, in the hope that the maker of the pharmaceutical concerned will benefit through increased prescriptions when the patient goes to see his or her doctor. Recent examples of this approach in the US bave involved Glazo, the UK drug

company, and Smith Kline & French Laboratories of the US. Botb bave organised TV adverts on the general subject of medicines which treat ulcers; each company makes a big-selling anti-ulcer product, Zantac and Tagamet respectively. In a similar vein, Wellcome.

39

another UK pharmaceutical company, has advertised about treatments for herpes. Although the advertisements do not mention it. Wellcome is the maker of Zovirax, the only drug available on prescription to treat the disease

It appears likely that more advertising of this kind will be seen - especially in the US as a result of its less strict guidelines over such adverts. "It is a sign of increased competition between the different companies making drugs," says Mr Steve Buermann, a pharmaceutical industry analyst at Mor-gan Stanley, a New York bank. Mr David MacCallum, an analyst at Hambrecht & Quist, another US bank, sees nothing wrong with such advertising

which he says "helps to stimulate the awareness of the consumer and recognises patients are becoming more educated over the kind of medicines

which they take". Other observers, however, do not take the same line. Mr Sidney Wolfe, director of Public Citizen, a healthcare consumer group in Washington, says that promotions of this kind may be dangerous, in that they aim to sbort-circuit the normal decision-making processes involving the doctor". He says be is worried by the general trend towards more direct to consumer advertising involving pharmaceuticals.

Discussion about the ethics of particular types of pharma-ceutical advertising is likely to reverberate for some time. Watching the debate keenly is the advertising industry, which realises its revenues could be considerably increased if pharmaceutical companies broaden their promotional effort and make direct appeals to consumers to use specific healthcare products a central focus of their cam-

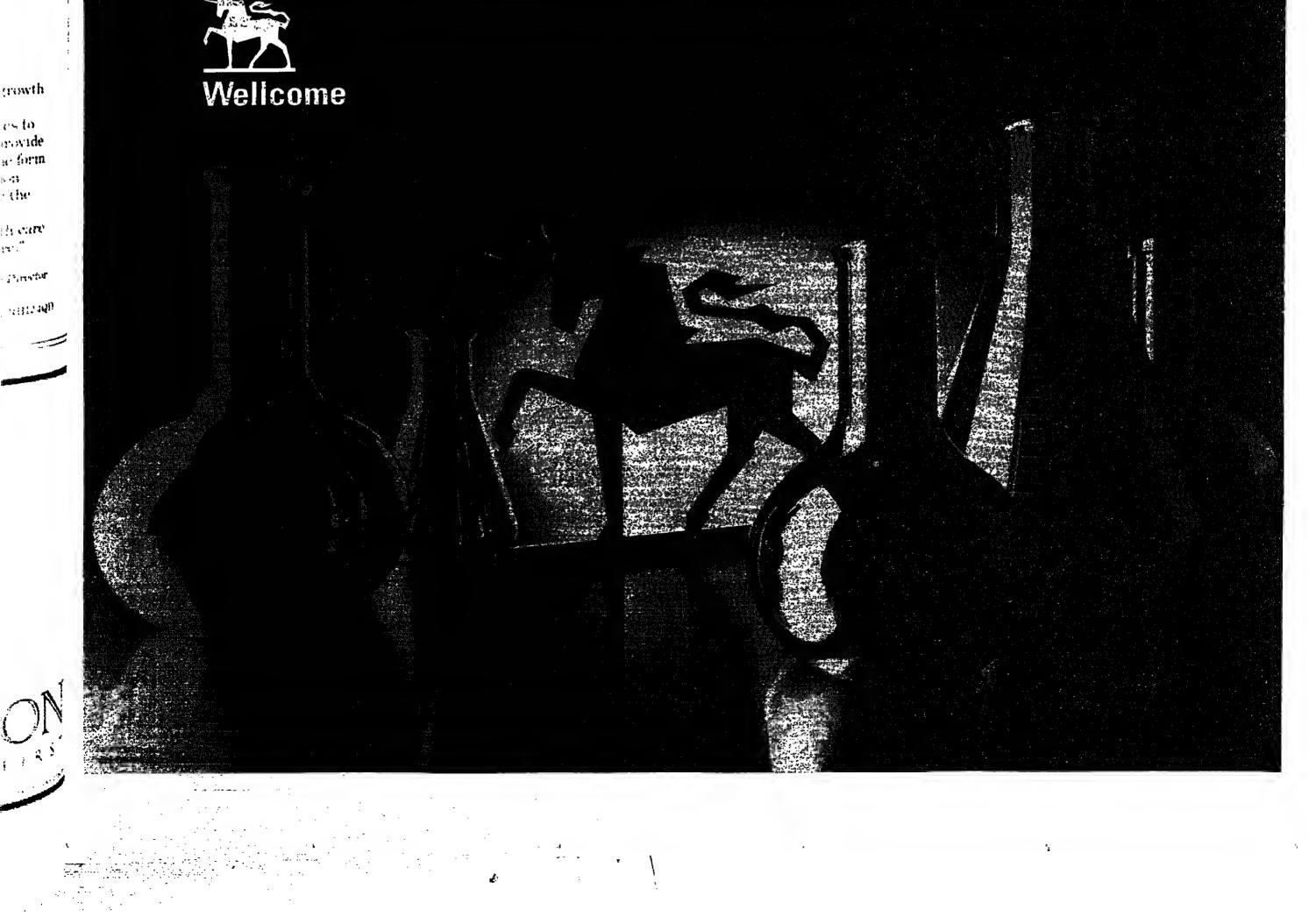
Peter Marsh



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advertising and promotion activities of drugs companies are controlled by public health agencies. Industry trade bodies - which commonly see it as in their own interests to uphold Percentage of world drug sales

ethical standards in drugs promotion - may also be involved in setting general guidelines. In Britain, the amount of



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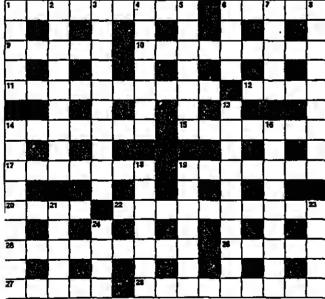
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ACROSS 1 Kind looks from printers? (9) 6, 9, 20, 22, 9, 24 Maybe what minhibited bathers do with horns - take what you can while you can horns - take what you can while you can (1,4,2,3,4,2,5,3,2,3,4) 10 Change position of back burner? (9) 11 Dukakis' first could be pres-ident - lovely! (10) 12 See 6 down 14 Knows old name of(?) 15 little cheer in sport for author of(?) 15 The Will, the Windows (3,4,2,3,7) 20, 22 See 6 across 25 Radioactive material may be put in menu (9) 26 Horseplay? (5) 27 Name for ephemeral phe-27 Name for ephemeral phe-27 Name for ephemeral phenomena (5)
28 Boy, a saint, broken in small pieces (9) DOWN
1 Lucky time? (5)
2 Tetchiness is a favourite upper-class weapon (9)
3 Tick without interest makes Ted flercer (4.6)
4 Money without war work makes transport cleaner (3.4)

(3,4) 5 Mollusc has eyes (we hear) and ear (3.4)

(7)
21 Unfriendly cactus? (5)
23 Love first - fool around in green? (5)
24 See 6 across Solution to Puzzle No.6,779 Solution to Puzzle No.6,779 AGAITHA CHIRITSTILLE M.N.O. E.N.A.A POILROI CROSSBAR U.M.V.E.B.O.L.N. LEAVENED FLEECE LT.R.O.A.E.S ARILA GODUNTENT CO.C.N.O.T.X. GONJOLLERS LAUD O.C.N.O.T.X. GONJOLLERS LAUD O.C.N.C.T.X. CO.C.N.C.T.X. CO.C.N.C.T.X.

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7 Man next to bull? (5)
8 Sort of sleep for male disguised in costume (9)
13 Financial centre, holder of money without disturbed rest (4,6)
14 Cook general? (9)
16 A barrel bas nothing in it, tapped vessel the reverse? (5-4)
18 Send away princess's girl (7)
19 Forester's crazy old island (7)

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GUIDE TO UNIT TRUST PRICING

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The price at which units may be sold. CANCELLATION PRICE

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EUROPEAN OPTIONS EXCHANGE **FOREIGN EXCHANGES FINANCIAL FUTURES Bonds lower in nervous trading Poll nerves hit US & Canada** 116 4159 S449999 11 Ň 50 5.50 THE US Presidential election dominated sentiment on the foreign exchanges yesterday. As voters decide today who French franc traded quietly against the D-Mark. The D-Mark closed in Paris at 1.70 support from the Bank of Can-US TREASURY bond and Euro-dollar futures lost ground in Liffe trading yesterday. Stronger than expected US down from 90-00 on Friday, and slipped to a low of 89-10, before closing at 89-13. also carried a slightly weaker tone. Interest rates were a little firmer, while investors contin-ada and Bank of England after an opinion poll gave the oppo-sition Liberal Party a lead of 12 firmer, while investors contin-ued to digest the prospect of higher inflation well into next year. Although sterling was still firm, sentiment remained clouded, and in relatively low volume, the December long glit price eased to 96-20 from 96-23 at the start and 96-29 on Fri-day FFr3.4117, virtually unchanged Three-month Euro-dollar from Friday's finish. Sterling was also on the side-lines, but had a generally firm undertone. A move out of the dollar later this waek may will be the next US President, dealers took a cantious view and failed to follow through points over the ruling Conser-vatives, two weeks before the date of Federal elections. A 103 futures were depressed by a slight rise in cash rates, as the dollar continued to lose ground. December Euro-dollars finished at 91.16 down from 950 550 100 50 100 124 60 3345 employment data for October -EDE ladex C EDE ladex P 1.50 2.30 3.00 7.20 9.60 released on Friday - continued to depress values, while inves-4~1420750 SAL BAS with the wave of buying which followed Friday's US employpoll last week showed the Con-servative Party 6 points in tors saw little incentive to open fresb positions ahead of today's US election. boost the pound against the dollar, but if this happens it remains to be seen whether ment data. front of the Liberals. 91.20 at the start and 91.24 on The dollar - which rose sharply on Friday - fell back below DM1.79 and Y125, as traders squared positions ahead of the election. The Canadian cnrrency weakened sharply on the news, with the US dollar rising to around C\$1.2370 from C\$1.2220. The Dacember Treasury bond price opened at 89-19. Friday. Sterling based instruments day. sterling will keep pace with the D-Mark and yen. No major UK economic news is expected this week, but deal-250 0.75 Dec. \$8 Fl. 101.16 OBL Index around CS12370 from CS12220. The Japanese yen continued to advance against the D-Mark, with the West German cur-rency falling close to a strong technical support level of Y69.80. In Frankfurt the yen was fixed at a record high of LIFFE LANC ST. *×1910 Calls Nov 1382 897 474 185 49 9 Strike Price 234 888899 92 15 2.80 44 0.85 3.60 ahead of the election. Friday's stronger than expec-ted employment news bas introduced a note of nncer-tainty, but the market gener-ally expects a weakening of the dollar once a new President is Strfft Price 17000 18000 18000 19000 19000 19000 198 BERSHER ON 2256411 F Strike Price Varias de la MILSSN2403 184225 24392457285 1135 「ない」」「ない」 ers were waiting for reaction to last night's interview on BBC-TV with Mr Nigel Law-\$284e son, Chancellor of the Exche-14 1225 ABN C ABN P AEGON C AEGON P AHOLD C AHOLD C Sterling rose 1 cent to \$1.7755. Tha pound also climbed to Y221.50 from Y221.25, and to FFr10.6050 from FFr10.8000, but was unchanged 1 sFI s i wi DM1.4325 per 100 yen - equiva-lent to Y69.81 - compared with elected. nte totzal, Calils 63 Puts 249 norm int, Calils 5274 Puts 5533 3.50 30 une total, Calls 0 Pats 0 unue Int. Calls 0 Pats 7 25 me total, Calls 1552 Puts 1333 me int. Calls 33280 Puts 19444 Estimated vola Previous day's It was suggested that neither candidate is likely to come to grips with the twin US deficits on trade and the budget. The FI. 87 FI. 87 FI. 150.80 FI. 150.80 FI. 5450 FI. 5450 FI. 77.50 FI. 77.50 FI. 40.00 DM1.4310 (Y69.88) on Friday. 185 8.20 7.80 28 Dealers in Frankfurt said they expect the yen to remain firm in terms of the D-Mark, influenced by its fast rise against the dollar. 878455752495462 LIFFE FURNISLIAR OFTICKS LIFFE SHORT STERLING LUFFE £/S OPTRIKS 625,000 (cants per £1) 1.50 2 ĩ at DM3.1675, and fell to SFr2.6525 from SFr2.6550. On Bank of England figures, starling'a index closed 5.30 / dollar is therefore expected to Pasoport lose ground, but the speed of decline might be greater if Mr 4.50 30 21222233304 1742 1242 250 13 3.20 4.40 3 589583 starling'a index unchanged at 76.7. Michael Dukakis springs a sur-As attention focused on cur-5.20 15 50 The dollar fell to DM1.7840 from DM1.7940; to Y124.70 from Y125.30; to SFr1.4935 from rencies outside Europe, tha 117128 280777 289 217 298 97 4.50 3.40 2.30 40 5,10 5,30 5,30 5,30 5,30 5,20 5,20 5,20 10 6.50 6.50 EMS EUROPEAN CURRENCY UNIT RATES 71342999 me total, Calls 0 Puts 0 men lat. Calls 125 Puts 4231. Estimated vo Previous day me total, Calls 770 Pets 2173 178 4 me total, Calls 250 Puts 100 onen lat. Calls 4424 Puts 5607 Estimated vol SFr1.5035; and to FFr6.0850 from FFr6.1175. Almount Igainst I Nov.J from central rate limit % 1237 3.80 5.60 5.80 17 According to the Bank of England, the dollar's exchange rate index was unchanged at PHOLADELPHIA SE E/S OPTI E31,250 (cents per £1) .cmpox SE 5/5 opticie 12,590 icenis per 50 35 10.30 13.50 15.50 ± 1.5344 ± 1.5404 ± 1.0981 ± 1.3674 ± 1.5012 ± 1.6684 ± 4.0752 +240 +181 +0.78 +2.52 +0.98 +0.98 +3.90 43.4793 7.99415 2.07457 7.07774 2.33981 0.775911 1541_38 19999972897 8288872897 RUSSHIT 42,4582 7,85212 2,05853 6,90403 2,31943 0,7684L1 1,483_58 Belgian Franc. Danish Krone.. German D-Mart French Franc... 240 10 20419293563 2.60 0.50 0.70 1.80 1.50 1.80 0.50 7500 Strike Price 1.650 1.700 1.750 1.800 1.850 1.900 1.950 Spille 1700 17750 17750 17750 1880 1880 12011412155 7.00 4.50 2.10 0.70 0.07 0.01 14 10.15 5.96 3.15 1.70 0.85 Nor 0.40 1.70 5.65 450 1220 1200 104550 44550 1450 1450 95.5. The Canadian dollar Jan 7.27 5.30 3.69 2.43 1.61 0.97 0.53 N776623584 12005 2.05 5.06 5.06 8.58 40 8.58 40 Dec 7.04 4.88 3.10 1.90 1.08 6.50 0.25 PHILIP PHILIP ROYAL UNILE UNILE 0.08 0.08 2.77 5.19 7.68 FL200 FL200 FL110 FL110 FL110 FL110 changed course, and received Dranges are for Ecu, therefore positive change Adjustment calculated by Financial Times. £ IN NEW YORK TOTAL VOLUME IN CONTRACTS : 33,169 A-Ask B-Cid C-Call P-Pit 463.31 day's open int: Calls 501,604 Potes day's volume: Calls 31,115 Pots 1 otal, Calls N/A Pats N/A POUND SPOT- FORWARD AGAINST THE POUND Close Nov.7 Latest LONDON (LIFFE) CHICAGO 1.7740-1.7745 0.50-0.49pm 1.47-1.45pm 4.95-4.85pm 1.7675-1.7685 0.52-0.51pm 1.50-1.47pm 5.15-5.05pm Day's Three ×. % p.a. Close One month Nov.7 BASE LENDING RATES 17750 - 17760 21960 - 21970 3564 - 3574 6625 - 66 - 35 12194 - 122304 11830 - 11840 3164 - 317 28200 - 28300 08535 - 28655 23524 - 2253 11.79 - 116.984 10.89 - 110.884 10.974 - 10.6984 10.974 - 10.6984 2221 - 2230 22644 - 2655 20-YEAR 9% HOTBOMAL 558,600 32ms of 100% LS. TREASURY BONDS (CUT) 8% JAPANESE YEN UNIO Y12.5m S per y106 148-143pm 0.73-0.60pm 6-54.pm 89-74pm 131₄-124.pm 133-118pm 0.52-0.49cpm 0.28-0.18cpm 2-13cpm 32-20cpm 31264.44.69.11.94.1507.132 -21965 -3585 -3585 -11850 -11850 -3175 -2357 -2357 -1182 -10.82 -10.82 -10.82 -2235 -2255 Pyth. 89-24 89-07 88-24 88-10 87-29 87-16 87-04 High 89-24 80-24 8 3.56 65.20 12.18 1.1800 3.154 261.85 236.05 234712 10.784 10.95 2204 10.784 10.95 2204 2221 2,645 96-26 97-07 96-17 97-03 139-12 89-10 955 97-04 0.8052 0.8057 0.8048 0.8134 0.8137 0.8127 0.8035 0.8114 0.8205 Dec Mar Jun Sep Dec 32-200pm 44,-34,0repm 0.48-0.380pm 14,-14,phpa 7-27cds 33-16cpm 3-116cpm dale Bank ABN Bask Normich Geo. Trast. Adam & Company 12 Adam & Company 12 AMS - Allied Arab Bk ... 12 Allied Irisk Bank 12 Henry Anshacher 12 AMZ Banking Group 12 STERLING INDEX Estimated Volume 13506 (15761) Previous day's open int. 34295 (34421) 51-53 m 21-12065 49-27 m mm.Bk.N.East, Nov,7 Co-operative Bank Coutis & Co Cypres Popular Bit Denter Bank PLC Previous 87-05 87-12 87-05 7-10 YEAR 9% MOTHIN E50,000 32mls of 100% 12 3-11/mpm par-1,0m6/s 33-31,0pm 15-11/mpm 11-11/mpm 11-11/mpm 11-11/mpm 13-150pm 8.30 9.00 10.00 11.00 1.00 2.00 3.00 4.00 201 201 201 201 76.6776.776.7776.77 76.7776.7776.7776.776.776.776.77 ----86-12 86-01 85-22 DEUTSCHE MARK UN BRIZES,000 \$ per BH Dec High Low Pre. 0.5624 0.5614 0.5600 0.5674 0.5665 0.3647 0.5715 0 5700 0.5619 0.5670 0.5715 loyal Trest Bank Smith & William Sers Estimated Volume 0 (61) Previous day's ones int, 1308 (1311) Standard Chartered TREASURY BLLS (DBB First diational Bank Pic. 5% NOTSONAL LONG TERM JAPANESE GOVT. BOND YIDEM 10005 of 100% ibert Fleming & Co. Ibert Fraser & Plans ... **CURRENCY RATES** DOLLAR SPOT- FORWARD AGAINST THE DOLLAR PR 257049292 92.56 92.69 92.66 1259 106.05 THREE-MONTH EUR Slap points of 1987 106,35 HULLAR CHUR Special* Drawing Rights Dec Mar Bank Day's spread 76 D-1 Three P.4. · Guines Mahon Close One month Carrency Volt Nov.7 Not.7 Bank of India Bank of India Bankut Belge Ltd Banclays Bank Benchmark Bank PLC Berliner Bank AG Brit Bk of Mid Bast Hat 91.19 91.30 91.30 91.07 91.07 90.99 90.91 Law 91_16 91_31 91_325 91_15 91_02 91_05 90_97 90_89 Pre-91-218 91-31 91-30 91-30 91-00 91-00 91-00 91-00 91-00 90-93 1365 91.32 91.26 91.26 91.26 91.26 91.05 91.05 90.90 HFC Bank pic Estimated Volume 456 (580) Previous day's open inc. 885 (860) 3.46991428144243924392424 32579380135926170488280 22382238 thros Bank. 0.755269 1.34302 1.64157 26.8267 50.1316 9.23058 2.39152 Ireland? ... Cabada ... Netherlan Belgiam ... Denmark, W, Gernta Portogal ... Soaln Haly France ... Japar Swetter ... Swetter ... 0.65429 terling IS Dolfa 6.50 8.75 4 .492 224 Heritable & Gen Im Bak 1 16177 143595 14,5792 43,4793 7,9415 2,07457 2,33981 7 10774 1541,38 144,931 7 71822 136,566 7,18091 1 73743 1 77691 0,77591 Yorishire Bank Canadian S Austrian Sch. Beigian Franc Danish Kronc Deutsche Mark THREE MONTH STEMLING 12 0095 37_30 6 87 7805 2.0125 37.40 6.875 1.7845 1.7845 1.49 1.17.45 1.3255 6.645 6.064 Hill Samuel.

87.77 88.13 88.60 88.89

Close High Law Prev. 183.80 183.80 182.80 184.35 185.80 336.35

Prev. 87.85 88.20 88.67 88.67 88.95

SWISS FRANC CONO SET 125,000.5 per SET

Latest 0.6714 0.6788 0.6865 0.6910

Hig 0.6721 0.6792 0.6865 0.6910

0.6708 0.6780

Prev. 0.6698 0.6766 0.6841 0.6908

9ec Mar Jun

Close 87.82

\$8.15 \$8.65 \$8.98

Est. Vol. Unic. Figs. not shared 9316 (12763) Previous day's open int. 46650 (45869)

Dec Mar Jen Sep

FT-SE 100 DRDEX 525 per fall index

87.82 88.17 88.67 88.97

British British British Berchant, Banking & Securities Houses Association, * 7 day deposits 5.22%, Savenise 8.47%, Top Tier-£10,000-lostant access 11.05% § Mortugge base cate. § Demand deposit, 7%, Mortugge 32.375% - 12.75% 16 M 8 . . ·.• . 7.15

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*All SDR rates are for Nor.4			Dec 183.80 183.80 182.80 194.35 Mar 185.80	
CURRENCY MOVEMENTS	EURO-CURRENCI	INTEREST RATES	Mar 185.80 . 336.35 Jan	COMPANY NOTICES
Nov 7 Bank of Morgao ²⁴ England Guaranty	Nor.7 Short 7 Days notice	One Three Six One Month Months Months Year	Estimated Volume 1527 (1606) Previous day's open inc. 14136 (14126)	
Index Changes Sterling 76,7 -15.8 V.S.Doltar 95.5 -11.9 Ganadian Doltar 82.1 -3.7 Assurian Schülling 135.4 +10.1 Beiguan Franc 98.5 -58 Danda Kowe 98.9 -9.0	Sterting 124-113 124-113 124-113 1 US Doltar 83-834 <td>$\begin{array}{cccccccccccccccccccccccccccccccccccc$</td> <td>THATEE MONTH ELIMODOLLAR Slam points of 100% Close High Low Pre Occ. 91,15 91,26 91,27 Mar 91,32 91,28 91,31 91,26 91,34 Mar 91,32 91,38 91,37 91,26 Joint 91,26 91,31 91,26 91,23 Sign 91,16 91,21 91,26 91,23</td> <td>Extraordinary Meeting Shareholders in Svenska Cellulosa Aktieboleget SCA are hereby summaned to an extraordinary meeting to be held in the Masur F Syaneka Handelebankan, Kungsträdgictigatan 2, Stockholm, Swedwa, od T</td>	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	THATEE MONTH ELIMODOLLAR Slam points of 100% Close High Low Pre Occ. 91,15 91,26 91,27 Mar 91,32 91,28 91,31 91,26 91,34 Mar 91,32 91,38 91,37 91,26 Joint 91,26 91,31 91,26 91,23 Sign 91,16 91,21 91,26 91,23	Extraordinary Meeting Shareholders in Svenska Cellulosa Aktieboleget SCA are hereby summaned to an extraordinary meeting to be held in the Masur F Syaneka Handelebankan, Kungsträdgictigatan 2, Stockholm, Swedwa, od T
Dorsche Mart 145 J +21 J Sens Franc 168 4 +20 6 Guilder 133 8 +13 7 Freech Franc 69 1 -15 2 Lra 45 J -20 7	Italian Ure 12-10 115-101- B. Fr. (Feb) 73, 73 74, 74 B. Fr. (Gon.1 73, 74 74, 74 Yes 43, 47 43, 47 O. Konze 27, 74 74, 74 O. Konze 27, 74 74, 74	114-11 114-114 114-114 114-114 74-74 72-74 73-74 73-74 75-74 72-74 75-74 75-74 44-44 44 44 44 44 44 45-44 45-44 45-44 82-84 84-85 84-85 84-85 82-84 84-85 84-85 84-85	Est. Vol. (Anc. flys. not shawn) 5820 (11,446) Previous day's open (nt. 31528 (33064)	November 24, 1968, at 5 p.m. Notice of Intention to attend, etc.
Prepek Feanc	Addit 30189		US THEASURY BONDS 0% \$100,000 32mit of 100%	Shareholders who intend to participate at the meeting must be lieted in the reg shareholders maintained by the Swedish Socurities Register Center (VPC) to lat Monday, November 14, 1988 and natify SCA to later then 4 p.m. on Monday, No
1982-100 Bank of England Index (Base Aver 1975-100)**Rates are for Nov.4 .	ge Long term Eurodollars: two years 91 ₈ -83 ₁ per cent; years 91 ₂ -91 ₄ per cent nonsinal. Short term rates are cal	three years 94,-9 per cent; four years 91,-91, per cent; fire I for US Dollars and Japanese Yea; others, two days' notice.	Clase High Low Prev. Des 89-13 89-21 89-10 87-26 Mar 88-28 89-03 86-29 87-11 Jun	21, 1965 either by mail to 8CA, ISI, S-851 88 Sundovali, Sweden, or by telephone 60, 193000 or 193116.
OTHER CURRENCIES	EXCHANGE	CROSS RATES	Escimated Volume 7829 (22721) Previous day's open lat. 13306 (133640	To participate at the meeting, shareholdors whose shares have been registered names of nominees must demonstriby na-register the stock in their own names Such re-registrations must be in effect no infor than Monday, November 14, 199
Nov 7 L S Argentana 22.1055 - 22.2560 12.4700 - 12.556 Australia 2.1370 - 2.1390 1 2060 - 1.2016 Razil	0 Nov 7 £ 5 0 M Yes	F.Fr. 5 Pr. H.FL. Ura C5 0 Fr.	6% NOTZONAL GERMAN GNYT. BOND BM 259,000 100ths of 190%	Agenda
Brazili	5 0.563 1 1784 124.7 DM 0.316 0.561 1 69.92 YEN 4.515 8.018 14.30 1000.	10.81 2.653 3.573 2253 2.197 66.30 6.087 1.494 2.012 1355 1.237 37.33 3.412 0.837 1.128 742.7 0.693 20.93 48.80 11.98 16.13 10623	Close High Low Prev. Dec. 97.18 97.42 97.11 97.51 Mar 96.60 96.62 96.70 96.95 Esclarated Volume 5739 07240 96.70 96.95	Matters to come before the Meeting will include: 1. Election of Meeting Cholman; 2. Preparation and approval of lat of votans; 3. Election of two minutes-checkers; 4. Determining whether the Meeting was validly convened;
Kmolt 0 49685 0 49790 0 22060 0 220 Linewbourg 66 25 - 66 35 37,36 - 37 40 Malaysia 4 7555 - 4 7670 - 26890 - 2680 Malaysia 4 7555 - 4 7670 - 26800 - 2590 Malaysia - 2688 - 20 - 4061 30 2264 00 - 2590 Mantee - 26870 - 2680	F	10. 2454 3.305 2177 2.032 61.33 4.075 1 1.347 886.9 0.828 24.99	POUND-S OFORESEN EXCHANGED	5. The matter regarding the authorization for the Board to decide on either of alternatives set out in a) or b) below, such authorization to be valid until th Annual General Meeting of Shareholders.
Sanda Ar 6 6435 - 6 6540 3 7500 - 3 750 Sinoanarr 1 4985 - 1 5060 1 9770 - 1 977	N FT. 0.280 0.497 0.887 61.99 Lika 0.425 0.755 1.346 94.14	3.025 0.743 1 4.594 1.127 1.518 1000. 0.934 28.18	Soci 1-min, 3-min, 4-min, 12-min, 17755 1.7705 1.7610 1.7477 1.7257 IMM-STERLING Sa per C	a) an offering on the European or American capital market of convertible bonds, preferential rights for existing shareholders whereupon the conversion right be for up to 1,800,000 non-respicted Class 8 shares.
S ATLENT, 3 3425-33555 2 4525-2 458 S AtLEN, 70707-7205 4 0000-4 050 S AtLEN, 4940-4970 28 05-28 15 U 4 E 6,5050-6 5170 3 6725-3 673 "Selling rate	8 Fr. 1508 2.079 4.1/8 334.1	4.920 1.200 1.626 1071 1 3.314 30.18 36.30 4.002 5.339 3549 3.314 100. Iglan Fr. per 100.	Larest Hink Low Prot. Oec 17664 17645 17644 17604 Mar 1.7566 1.7548 1.7528 1.7476 Jun 1.7630 1.7430 1.7380 1.7388	b) or a bond foan with detectable warrants entiting the holder to appare the 1,800,000 new enteres of non-restricted Class 8 sheres, whereupon, for existing shareholders' preterended rights, the subscription right shall act either foreign investors or one of SCA's wholly-owned finance companies sweden, which intends thereafter to issue on the European or American Sweden, which intends thereafter to issue on the European or American
MONEY MARKETS		ET LONDON INT	ERBANK FIXING	aneries a convertible bond loan conterring a right to obtain, in exchange convertible bonds, a certain pre-datarmined number of the aloremen warrants.
		Clicol a.m. Nev.77 3 months US dollars	6 months US Dollars	If it obtains the authorization requested, the Company's Board will not attle authority it received at the 1985 Annual General Meeting of Shareholders to m offering of up to 1,800,000 shores of non-restricted Class & shores on the As
UK rates	firmer	bid \$5 ₂ offer \$3 ₆ The fixing rates are the arithmetic means rounded to the	ted 812 offer 84. meanst one-sixteenth, of the bid and offered rates for \$2.0m	capital merior. The main intention of this Sound proposal is to increase the distribution
INTEREST RATES edge slightly firmer in London ye		quotest by the market to five reference banks at 11.00 a. Bank, Bank of Tokyo, Deutsche Bank, Banque Nationa	m. each working day. The banks are National Westminuter (de Paris and Morgan Guaranty Trust.	Company's strate on markets outside Sweden. The Board's proposal regarding the authorization, as well as the documents pre by Chapter 4 65 4 of the Swedish Companies Act, will be available at SCA Headqu
terday, as financial marke adopted a cautious approac	ts noon came to £282m, and com-	MONEY	RATES	Skepperpieten 1, Sundavall, Sweben, beginning on Thursday, November 17, 19 Skepperpieten 1, Sundavall, Sweben, beginning on Thursday, November 17, 19
ahead of today's US Preside tlal election. The key three month interbank rate wa	e- 11% p.c.; £152m in band 2 at	NEW YORK	Treasury 811/s and Bonds	Svenska Cellulosa Aktiebolaget SCA
UK clearing bank base landing rate	p.c.; and £59m in band 4 at 11 ¹¹ p.c. Late help came to £150m,	(Lunchtime) Gerworth Prime rote	5.74 Three year 8.56 	Aktiebolaget SCA
12 per cent from August 25 & 26	making a total of £616m. Over- night interbank money traded	Fed. funds		
anoted at 123-12% p.c. fro 123-124 p.c. while the one yes	between a low of 11% p.c., and a high of 14 p.c. Sbort-term interest rates in	Nov.7 Overalght Nov.1 Frankfult Mov.1 4.70-4.80 4.60-4.73 Paris 712-713 714-73 714-73	Two Months Three Months Six Months Lomburd Months 4,75-4,90 4,75-4,90 4,80-4,95 5,00 7/12-7/11 37-45 8-84 7.25 5,225-3,35 - - -	EUROPEAN ECONOMIC COMMUNITY (EEC) 11% ECU Bonds due 1983
rate moved up to 12%-12 p. from 12뉴11% p.c.	c. changed, although many trad- ers expect rates to ease.	Frankfart	53535	Numerical Dec 1) of the series including the 6.250 bonds drawn by lot and making up the anti-
UK traders remain convinced that UK interest rate are more likely to rise than fa	because of the recent increase in commercial banko' redis-	Milan 1034-1056 114-114 Brustets 710 74-74 Doblin 712-74 732-74	1115-12 774-773 75-775 74-8 8-874	6,250,000 nominal amount to be redeemed on December 14, 1988 From nr, 16800 to 22020 inclusive 2) of the series providently drawn by tet and redevible on December 14, 1987
in the near term, given the authorities' determination	e with commercial banks are	LONDON M	ONEY RATES	From nr. 27781 to 34030 inclusive \$) of the series previously drawn by fot and repayable on December 14, 1985 From nr. 39641 to 45080 inclusive
bear down on inflation. The Bank of England for	payment of Christmas bonuses, and the Bundesbank may well	Nov.7 Oversight 7 days	One Three Six One Month Months Months Year	Each of these bonds in repayable at ECU 1,000 at the offices of the following be Banque BruteRee Lambert S.A. / Bank Brussel Lambert N.V. Brussele
cast a shortage of arour £750m, with factors affectir the market including bil	g in liquidity by reducing the	Interbank Offer	124 121 122 122 122 111 121 122 122 122 112 122 12	Banque Internetionale à Lutenbourg S.A., Luxambourg Sparekassen SDS, Copenhagen
maturing in official hands an repayment of any late assi	d sale and repurchase tender. A s- previous facility metures	Sterling CD: Local Authority Deps 121 112 Local Authority Deps 121 112 Discount Mikt Deps 12 117	124 121 121 121 114 124 124 124 124 114 124 124 124 124 114 124 124 124 124 114 124 124 124 114 114 124 124 124 112 124 124 124 124 112 124 124 124 124 124 124 124 124 124 124 124 125 124 124 124 115 125 124 124 124 115 116 126 124 124 115 116 124 124 124 115 116 124 124 124 115 114 114 124 124 125 124 124 124 124 8<40-8	BANOLE MRIXELES LANSER BANC BRUSSEL LANSER Fisce
tance, together with a take u of Treasury bills, drainin	g from the system.	Company Deposits Finance House Deposits Tressury allijs Bary)	112 112 123 12 113 122 123 12 113 122 123 12 114 123 124 12 114 124 124 12 114 114 114 124	
£1.207m, and Exchequer tran actions taking a further £60r These were partly offset by	is expected to follow on the	Dollar CDs	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	
fall in the note circulation £440m, and banks' balance	of rate facility. The Bundesbank is not expected to push rates	SDR Linked Dep Bid	748 748 748 748 748 748 748 748 748 748	
brought forward £80m show target. The Bank mays assistance	weakness, while a more	one-month 113 per cent; three month 11% per c one-month 113 per cent; three months 113 discount 11.5464 p.c. ECGD Fired Rate Sterij Agreed rates for deriod November 26 1080	em; unree montrs 1133 per cent; Bank Bills Gelf): per cent; Treslary Bills; Average tender rate of ing Export Florence. Make up day Oct 31, 1988. o December 25, 1988. Scheme 1: 13 rd	
The Bank gave assistance the morning of £184m, throug outright purchases of £43m	b pean Monetary System has	Schemes II & III: 13.27 p.c. Reference rate for Scheme IV&V: 12.035 p.c. Local Authority an days' fixed. Finance Houses Base Rate 1212 fr	r period October 1, 1988 to October 31, 1988, d Finance Houses seven days' notice, others seven om November 1, 1988: Bank Deposit Rates for	Carbona and
eligible bank bills in band 1 11% p.c., £31m in band 2 at 11	at West German rates, which would have assisted weaker	sums at seven days notice 3.75 per cent. Certific and over beid under one month 712 per cent; on cent; six-nine months 912 per cent; nine-tweine from Jaty 5,1988, 0 eposits withdrawn for c	ent; Unter months 11.13 per cent; Bank Bills GelD: per cent; Tressury Bills; Average tender rate of ng Export Fleance. Maler up day Oct. 31, 1988, o Docsmber 25, 1988 to October 31, 1988, or period October, 1.1988 to October 31, 1988, d Flance Houses seven days' notice, others seven on Norember 1, 1988; Bank Deposit Rates for cates of Tax Debosit (Series b); Deposit Rates for cates of Tax Debosit (Series b); Deposit Rates for entree months 9 per cent; Unter-Str months 9 per months 92 per cent; Unter \$100,000 7 per cent at 5 per cent.	23 Old Bond Street, London, Tel: 01-491 4 Holyhead Road, Wednesbury. Tel: 021-556
p.c. and £110m in band 3 at 11	members of the system.			invigination total, menticabuly. Ici. 021-000

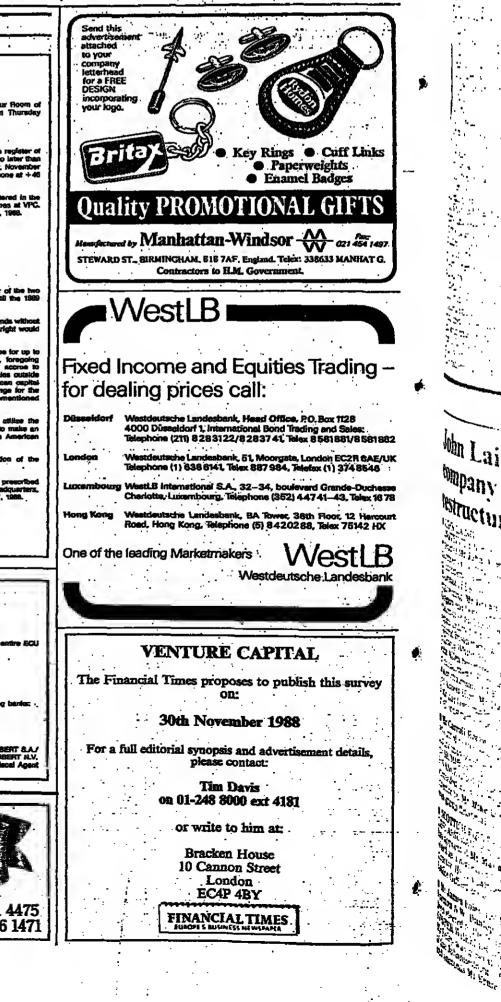
1.50-13.000 1.50-1.20pe 1.67-1.62pe 145-195de 72-82de

72-8200 8.30-9,004 6.00-6.304 1.05-0.90p 2.75-2.954 1.35-1.32p 9.60-8.60p

d discounts apply to the US dollar tal franc 37.65-37.75.

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FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

LONDON STOCK EXCHANGE

Pre-election nerves unsettle equities

The London equify market searched in vain for a prop to offset a general refreat yester-day. With only a handful of exceptions, there was little to prevent a decline that owed much to nervousness over the outcome of today'e US Prestdential election.

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The FT-SE 100-share index ended a thoroughly uninspir-ing session showing a 14.6 fall to 1819.7, its fourth consecutive fall. At its lowest yesterday the FT-SE wae-down some 16 points.

Activity, including customer and inter-marketmaker busi-ness in equities, was described by one senior trader as "miserable," and by the end of the

t Deallag Dates "First Desdings: Oct 31 Nov 14 Nov 28 Nov 10 New 24 Dec 8 Lest De Nov 25 -Nov 11 Dec 9- ; Account Days Nov 21 Dec 5

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day intalled 38im, a poor com-parison with last Friday's 566.7m and Thursday's 509.4m shares_ Prices opened with wide

spread reductions, partly insti-gated by traders looking to induce activity in the market and-partly by the weakness of Wall Street last Friday and

Tokyo overnight. There were few signs of a rally in mid-session and the market took another dive as Wall Street dipped sharply during the afternoon Reports from the US that

Governor Dukakis had nar-Dec 19 rowed the gap between himself and Vice President Bush as the

max were depressing factors, but there appeared to be little doubts among London's trad-ing fratemity that Republican Bush would carry the day in

the election. "We're more worried about what could happen to the dol-lar and thus sterling and UK exports to the US, than the

ning," was the comment from one dealer which seemed to reflect general sentiment.

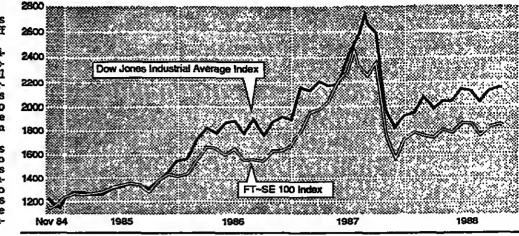
Opinion among market commentators as to the likely immediate market response to the US election is that the dollar could well enjoy a bounce if Bush wins the White House.

County NatWest says, "wor-ties about the US currency's inevitable demise after the big election moved towards a cliday - as central banks with-draw their pre-election inter-vention and impatience with progress on the trade deficit takes its toll - have already seen the dollar fall 7 per cent against the yen and 5 per cent against the D-Mark since the

possibility of Dukakis win- beginning of October. For this reason the post-election sell-off may have been pre-empted."

Nomura Research has simi-lar views. Describing predictions that the dollar will fall after the election as "over-worked," Nomura "suspects the dollar could be about to enjoy a temporary bounce before resuming its long-term decline

Around the various sectors in London yesterday, Lourbo again captured the beadlines with news that Bond Corporation has increased its stake to 20.5 per cent, reinforcing views that a takeover battle for the conglomerate could be loomHow markets moved since last US elections



45

Lonhro serial continues

The chance of an amicable meeting between the chief executive of Lonrho and the chairman of major shareholder.

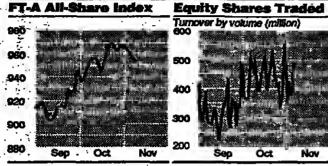
Bond Corporation seems to be fading. Weekend publication of an exchange of letters gave the impression that relations are not as friendly as previously thought and the market yesterday was leaning towards the Australian group launching a contested bid.

Reports of Bond Corporation having increased its holding to 23 per cent proved wide of the mark. An official announce-ment that the stake had risen only marginally to 20.5 percent "left" traders pondering over the destination of some of Friday's beavy purchases and also of further sizeable demand yesterday. "I'm still of the impression that more than one big buyer is operating", said a

leading marketmaker. Several large lines of stock changed bands, swelling turnover to 13m shares as the price vaulted higher to close 9 up at 422p. Analysts take the view that whatever Mr Bond's inten-tions, be they either a full-scale offer for Lonhro or an attempt to force Mr Tiny Rowland and the Lonrho board into a management bny-out, there is scope for fresh upside potential in the shares.

Awaiting Wellcome With its full-year figures scheduled for Thursday, Wellcome was never going to be the most active stock in the mar-ket, but turnover of 514,000 shares was judged as respect-able as the price fell 2 to 452p. Analysis view this weeks

results as a crucial indicator of Decer the company's progress, particularly the progress of Retrovir. the anti-AIDS drug on which much of Wellcome's stockmar-ket rating rests. The range of forecasts is wide, said to be from £200m as high as £230m, largely as a result of confusion



in the shares outweighs any of a number of important downside should a competitor events over the next couple of weeks. Sentiment was given a minor boost by the perfor-mance of crude of prices – Brent oil for December deliv-ary moved back above the \$18 successfully launch a rival drug. Glaxo's Carbovir is thought to be the most likely competition, but as the Kleinwort analysts point out, "if a barrel level in front of the forthcoming round of OPEC meetings which will culminate in a Ministerial meeting in Retrovir does become the drug of choice, Wellcome shares are Vienna on November 21.

Cable's HK details

Cable & Wireless duly rapidly with dealers reporting keen US interest after a bullish announced intital details of the flotation of its Hong Kong Telearticle in the US press which com subsidiary, but ran in to a battering from dealers who marked the shares down 9 to highlighted a positive note from securities house C.J. Lawrence. BP's third quarter results are due on Thursday, slong with Shell's third quar-ter figures. 388p. Turnover of 1.6m reflected the lack of investor business on a day when most institutions were standing aside, preferring to wait for the results of the US presidential at 246p on turnover of 5.6m while the new ended the day a election

Analysts pointed out that several aspects of yesterday's announcement were slightly disappointing, notably C&W's decision to float off only between 6.4 and 7.1 per cent of HK Telecom, as opposed to the 11 per cent that was widely forecast. Patrick Hickey, electronics and telecommunica-tions analyst at Chase Manhattan Securities, said: "Clearly C&W has elected to sell as much of HK Telecom as it thinks it can, and I have no doubt that the issue will be priced to ensure its success." The price will be fixed in

the company posted its defe document against the £1.6bn hid from Elders IXI. Dealers reported small sellers as 878,000 shares were traded. A 16.16m acquisition, to be satisfied by the issue of new shares to the vandors, boosted Baldwin 23 to 163p, but gains elsewhere among Buildings

The stores sector featured interim results from N Brown, the mail order group, which took the market by surprise; "very disappointing," said one dealer. A 3.4 per cent fall in profits, largely caused by loss of sales during the postal strike, combined with an uncertain outlook for the full year to dent the market's confidence and the shares were marked sharply lower to 180p, a fall of 22p.

Amstrad was a weak market, falling 8% to 187%p in turn-over of 3.8m shares on fears for Turnover in BP expanded the retail sector and a severe 210m downgrading to 2185m for 1988 by County NatWest WoodMac. Analysts at Warburg Securities retain their positive view on the stock, but recognise that it is vulnerable to swings in sentiment. "While the first half performance may BP old settled slightly easier not be especially inspiring, the second half should be better and we are sticking with our fraction off at 143p with 7.2m shares changing hands. Shell slipped 10 to 966p. full-year forecast of £190m," they say. Racal suffered early on, fall-

ing as low as 278p before a late rally saw the shares end at 281p after turnover of 3m. GEC was steady at 172p in turnover of 3.7m shares, down with the market.

NEI remained in favour, risafter the news. Barclays made a similar announcement and lost 5 to 404p, while Llayds, which instigated the interesting 2% to 132%p amid talk that an announcment from Rolls-Royce may be imminent. Ferranti was a steady market, edging down 1% to 33p after-good weekend-press comment. paying account with its "Clas-sic" account, fell 4 to 331p. Midland, expected to take a 40-Midland, expected to take a 40-per cent stake in Italian invest-Westland proved sensitive to ment - bank - Euromebiliare,--a-newspaper story-of-uncertainties over the MOD develop-Composite insurers were broadly lower in front of the

unexciting. Scottish & Newcas-tie closed unchanged at 401p as The recent large buy began mopping up shares Boots, thwarting any serie downturn in the price wh closed little changed at 22 Many other Alpha stocks w ened, however, including Pi ington (222p) and Engli China Clays (481p). Dealings both Suter, at 241p, and Tho son T-Line, 71p, we suppended pending announcement; none was ma

tic forecasts, but th ure, that derived fr ment gains, was no the release. Mr Ph sector analyst with der Laing & Cru balieves the group certainly have a be Turnover in trad

reached a modest 15,905 calls and 1 making an aggregate alightly up on mid-su ures, but below mo

ment 'contract' for the 'EH101 utility belicopter and lost 5 to

101p, but Ratcliffs (Great Bridge) benefited from specula-

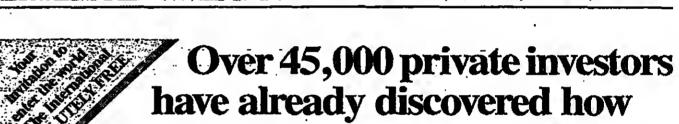
yesterday, but the market convinced agreed merger ten will be disclosed soon. Trusthouse Forte gained 3

287p, after 272p, in turnover 3.4m shares, amid talk that Hong Kong-based company consortium would launch a b for THF today. Deale expressed considerable scep cism, but noted that there a slight stock shortage.

Gloomy half-year results from GT Management, down 8 at 1489, cast a shadow over the Financial Trust sector. Profits were below the most pessimis-

ievels. Index tradi matched bargains of and 3,140 puts. Other market sta

including FT-Actua Share Index and Lo Traded Options, Pag



	F	INAN	CIAL	TIME	S STO	DCK	NDI	CES		
	Nov.	Nov.	Nov.	Nov.	Nov.	Year	1	968	Since Co	mpilation
	7	4	3	2	1	Ago	High	Low	High	Low
Government Seco	65.59	88.82	89.02	89.19	89.33	92.34	61,43 (18/4)	86.28 (2/9)	127.4 (9/1/351	49,18 (3/1/75)
Fixed Interest	97.43	97.57	97.60	97.66	97.73	95.47	96.87 (25/5)	94,14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1475.0	1485.6	1489.5	1495.6	1507.7	1232.0	1514.7 (8/8)	1349 0 (8/2)	1926.2 (16/7/67)	49.4 (26/6/40)
Gold Mines	174.0	174.5	175.3	169.9	199,1	277.6	312.5	162.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. OL Yield Earning Yid %(full) P/E Ratio(Net)(\$)	4.74 11.94 10.14	4.71 11.85 10.23	4.89 11.80 10.27	4.67 11.78 10.30	4.64 11.68 10.37	5.00 12.42 9.84	•	S.E. A	CTIVIT	7 v, 4 Nov. :
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DAY'S HIGH 1479.8 Basia 100 Govt. Secs Gold Mines 12/8/55, business.	15/10/28,		1928, Or			n-market		London Rap ure Index: To		

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume (or Alpha securities dealt through the SEAQ system yesterday until 5 pm

the key fig- tom invest- tot given in hillip Gibb, (CL-Alexan- uickshank, will almost etter second ded options total, with 16,643 puts te of 32,363, summer fig-	Statk ASDA Comp Alter Use Anter Comp Anter Comp Ast Rev Fors Ast Rev Fors Ast Rev Fors Bat	925 1250 1250 1250 1000 1000 1000 1000 10		*** **	Sect: Consol Fields Consol Fields Contracts Contracts Contracts Contracts Contracts Contracts Contracts Contracts Energy Consol Energy Consol Contracts Energy Accident Contracts Energy Accident Energy Accident Ener		135 111 217 207 330 140 481 572 101 243 140 140 140 140 140 140 140 140	<u>.</u> ትላትላይያኒስትላት ይ	Sact Lad Scentes Law Scentes Lys & Correls Lys & Correls Lys & Correls Lasta Barta KEPC Michael Rast Michael Rast Mich	407 307 714 558 13,000 80 13,000 80 13,000 80 10,0000 10,0000 10,0000 10,0000 10,0000 10,0000 10,0000 10,0000 10,0000 10,0000 10,0000 10,0000 10,0000 10,00000000	Price 442 584 584 584 585 586 557 55 56 557 55 56 557 55 56 557 55 56 557 55 56 557 55 56 557 55 56 557 557	هيرينين منعفة عف	Stock Rethanald Rethanald Rethanald Rethanald Rethanald Rethanald Stock Str Str Str Str Str Str Stat Stat Stat	000% 335 1,600 499 156 220 499 156 220 499 156 200 499 1,300 490 201 490 201 497 1,300 405 1,300 405 1,300 405 1,56 2,000 409 1,56 2,000 40 40 40 2,000 40 40 40 1,000 40 40 1,000 2,0000 2,000 2,0	444 1944 279 379 401 1945 1945 1945 1945 1945 1945 1945 194	412 2344 4 74	
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over the sales performance of Retrovir: on which there has been little firm news since the Call Let 171 4 my htt Stockholm AIDS conference man 1 loadges earlier this year.

Ian White and Barbara Arzy-AL GIF mamow, analysts at Kleinwort Benson Research, are forecast-ing £222m, near the top end of W. - Se Wellcome currently represents a classic two-way bet and rec-ommend bolding the shares ahead of the results. For funds measured against the All-Share



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the range. They agree that Index, they recommend a neu-tral weighting on the grounds-that if Retrovir becomes the

drug of choice for treating AIDS patients, then the upside

weam aay 16 Novei TURST DEUCH OF T ures from the leading compa-nies in the sector, expected tomorrow. They were addition-ally weakened by fears that the Californian electorate may with most analysts anticipat-ing good figures. Chase Man-haitan is forecasting £214m, up by 29 per cent from £165m and adjusted to include C&W's profits from the recent sale of its near 2 per cent stake in vote on Tuesday for rate reduc-tions in virtually all lines and not just for automobile insur-Racal

C&W reports interim results

Activity in the oil sector picked up substantially ahead

NEW HIGHS AND LOWS FOR 1988

JAIEW / MODIE (238) SAUTESH FURIDE (2) BARSOS (7) TOB Channel Islands, RURLDHUB (2) BARSOS (7) TOB Channel Islands, RURLDHUB (2) BARSOS (7), NEU, Prestwick 74, pp. 74, Annisture, BHGIMESRUNG (4) Booth Inde., Heath (5.), MOTIS Ashby, Pactifike (G.S.), BUCUSTHALS (5) AAF Inte., Barry Wetwiller, ED, Nu-Swit, NEL, Begindezenbeg (s. Edita (G.B.), and Morris Ashby, RatClina (G.B.), and (d) AAF Intes, Barry Wehmilter, El6, No-Serry Young (H.), LSBURE (1) Stanley Leisure, Youn TRUETS (*) Candoner Inv., General Oriensa, NEW Low's (*) BRITISH FURDS (2) Trees. 13pc '90, Extin. 124 pc '90, AMERICARS (1) Exton Corp., CANADIANS (2) Guit Canada, Imperial OR, CANADIANS (2) Guit Canada, Imperial OR, CANADIANS (2) Guit Canada, Imperial OR,

The brewery sector was Budosall Austin, NSM, STORES (2) Brown (N.), Dhome Gro., Elam, French Courseolon, Sharil Gro., Specialryes, ELECTRICALS (3) Fersonal Comos., Recurity Teg Systems, TDK Corp., EACHING THE Systems, Gro., ROOS (2) Berter & Dobson, Permise Hidge, NBUSTRIALS (3) Copymore, Baser Hit, Inc., Dover Corp., Fobel Int', J.S. Pathology, BinthNEne Beckman, HEWERPARENS (1) Acord Pub, PROPERTY (2) Event, Rockfort Grp., TRASTS (3) Int', Chy Hidge, Parrish, Olis (3) Aren Bay, Jeson Mining, Jingelfio Mitts, Marwoo, Jeson Mining, Jingelfio Mitts, Marwoo, Jeson Mining, Jingelfio Mitts, Marwoo,

Barclays

regional

director

operations.

eased 4 to 405p.

NatWest was finally 8 off at

532p after announcing that it will introduce an interest-bear-

ing current account early next

year. Dealers said that little

significant selling developed

schage) beneficien from specula-tion about the Bromsgrove stake and rose 5 more to 158p. Food stocks were somewhat depressed by talk that Good-man Fielder Wattie had failed to find any bidders for its 29.9 per cent stake in Ranks Hovis McDongall which it bid for ear-lier this year. BHM charges lier this year. RHM chares went into a tumble as one dealer knocked prices ever lower before they settled at 376p, a fall of 16%p. Turnover was 3.6m as dealers commented that a more likely explanation was that Goodman had received offers for its stake, but that the offers were at a price below that asked by Goodman. Associated British Foods

reported disappointing interim results and the shares fell 6% to 319p in thin turnover.

APPOINTMENTS

John Laing company restructure

JOHN LAING CONSTRUCTION has appointed Mr John Armitt as chairman of overseas and management (overseas), and , chairman of UK civil chairman of OA civil engineering. Mr Bryan Gregory has been appointed chairman of building, with responsibility for the 12 regional buildings, and Holloway White Allom. Mr Lohn A Uge becomes chairman John Allen becomes chairmanof management (Europe). He is also chairman of EPL Plant and Access Hire. Mr David Blair has been made chairman of all construction services.

Mr Carroll Reeve has been appointed to the new post of deputy managing director of the HUMBERCLYDE FINANCE GROUP. He is succeeded as group finance director by Mr Mike Dix, who was group financial controller.

SCOTTISH EQUITABLE has appointed Mr Maxwell Ward as a non-executive director. He is a partner at Baillie Gifford & Co.

■ Mr James Foley and Mr Norman N.W. Dunlop have been elected to the board of. FOSTER WHEELER ENERGY. Mr Foley was general manager of the Johannesburg office, and succeeds Mr Ernie D. -

tore in K Lait

Hr Archibald McIntyre (above) has been appointed managing director and chief executive of the INTERNATIONAL TELE-COM GROUP. He was sales director of British Telecom International, The company was formed earlier this year with financial backing from 3i, Sun Life and Scottish Amicable.

Hibbert, who has retired, as general manager of the process plant division. Mr Dunlop, who will have special responsibility for projects, was project manager of the Shell Stanlow ungrading.

ALEXANDER HOWDEN has appointed Mr Michael Gauge as deputy chairman and chief executive officer, non-marine international division; and Mr Geoff Stoan as managing director and chief operating officer of the division:

CADBURY SCHWEPPES has appointed Dr Adrian Gozzard to succeed Mr Peter Reay as group personnel director when Mr Reay retires early in 1989. Dr Gozzard joins the group on January 2. He is corporate director of personnal in the Plessey Group. Mr Bob Russell has been appointed regional director of BARCLAYS BANK's London

southern region. Mr Russell, who was branch director at The second second 33 Old Broad Street, succeeds Mr Ken O'Shen who is retiring. Mr Roy Frazer has resigned as managing director of Trutez, and will now concentrate on the role of director, projects, at TOOTAL GROUP centre. Mr Eric Whitehead succeeds him at Trutex. Mr Whitehead was responsible for schoolwear Mr Alastair Blair has been appointed a director of

CAUSEWAY CORPORATE FINANCE, a subsidiary of Canseway Capital. He was in charge of the business development unit in the corporate finance department of Hill Samuel THE ASSOCIATION OF

INTERNATIONAL SAVINGS BANKS IN LONDON has appointed Mr Klans Zirkel, general manager of Bayerische Landesbank, as chairman. Mr M. Winston, senior assistant general manager, TSB England and Wales, has been re-elected Dresident

Lord Douro (above) has been appointed a director and dep-nty chairman of GUINNESS MAHON HOLDINGS, Mr Grant Adams has resigned as deputy chairman while remaining on the board. The Marquess of Douro is the heir of the eighth Duke of Wellington. He is MEP for Surrey West; chairman, Deltec Securities; deputy chairman, Deltec Panamerica; and a director of Continental & Industrial Trust; Global Asset Management Worldwide Inc.; San Life; and Transatiantic Holdings.

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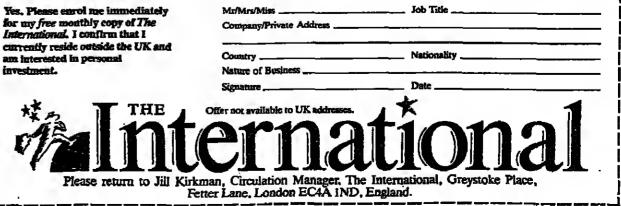
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to know. In our forthcoming issues: · The Tokyo Exchange. Phenomenal performance - but running out of steam? Investment opportunities in post-Reagan America. • Health insurance - who, where, why and how. · How international employee. benefits compare.

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LONDON SHARE SERVICE

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FINANCIAL TIMES TUESDAY NOVEMBER 8 1988

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LONDON SHARE SERVICE

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COMMODITIES AND AGRICULTURE

Ivory Coast keeps market Producer guessing over cocoa plan

THE IVORY Coast, the world's biggest cocoa producer, is keeping the terminal markets in both London and New York guessing about its next move to boost prices. Rumours swept the markets

last Fridey that the Ivory Coast had concluded its long awaited deal with France to take e possible 400,000 tonnes of its cocoa. In addition, a meeting of the Cocoa Produc-ers Alliance (CPA), scheduled to start yesterday in Lome, was expected to leed to other producers joining the Ivory Coast in withholding supplies. Prices leapt, the March posi-

tion putting on £44 a tonne in London to £854 a tonne on Fri-

By Chris Sherwell in Sydney

A PROTRACTED industrial

dispute means BHP, the Australian resources and steel

group, will almost certainly be unable to meet its commitments to snpply 36m

tonnes of iron ore in the

current year. It said yesterday that "as a result of the present situation" there would have to be an

adjustment to its production target. It added that the

problem was being discussed

with its customers. The dispute is over the removal of restrictive work

practices at the group's 85 per cent-owned Mt Newmen

Mining operation in the Pilbara region of Western Australia, and in the past few

days has led to a strike by

angry unions resisting man-agement efforts to secure

In a desperate move late last week, BHP sent in staff

employees to help unload trains and load waiting ships at Port Hedland on the Indian

Ocean coast. Yesterday the

state's Industrial Relations

Commission was conducting

hearings into the case as part

of an arbitration process.

Operations at the port and the

mine will not resume until a

changes.

day, while in New York the March contract closed at \$1,408 into storage in Europe. e tonne, up from \$1,313. However, continued political

Iron ore shipments threatened

decision is handed down.

BHP has contracted to deliver 36m tonnes of ore in the year to next May, some 2m tonnes more than it produced

in the previous twelve months. But production at the vast Mt Newman operation has so far

been running at less than last year's rate, and the company

A company official said yesterday things had not yet reached the point where ships

were not being loaded. Two vessels were filled and sailed

on Saturday. But market analysts said if the dispute was not resolved quickly it could

have e significant impact on

the spot market. The world iron ore market

has strengthened over the past

year because of bnoyant world

economic ectivity and firm steel demand, especially in Japan, one of Australia's major

Demand for the lump ore

which is produced by Mt Newman is stronger than for iron ore fines, principally because the jumps do not need to be sintered and there is a

shortage of sintering capacity,

This imbalance would normally be a cause for

customers

has virtually no stockpile.

Storing any Ivory Coast cocoa in the current market situation would make France a lot of enemies, one analyst observed yesterday. Another pointed ont that Friday's rumour was "the fifth time the deal has been confirmed." wrangling in France seems to have left its aid package to the Ivory Coast deadlocked. And e meeting of the CPA countries' agriculture ministers ended on Saturday with yesterday's scheduled heads of state meet Mr Tony Chadwick, cocoa analyst with Prudential Bache,

said prices would consolidate. But other producers, especially Malaysia, would sell into the ing postponed indefinitely. ng postponed indefinitely. Prices in London continued to rise early yesterday, but later fell back. The March position closed et £845 e tonne, down £9.

markets at these levels. He also said the Ivory Coast would, if it continued to pur-sue its current policy, lose an increasing amount of its lead-ing market share a market The France/Ivory Coast deal would lead to the subsidised sale of 200,000 tonnes, with a further 200,000 tonnes going ing market share as manufac turers turned to other sources

agement in 1986, which ended in defeat for the unions and revolutionised productivity.

Regarding the world market

BHP said yesterday that its current industrial problem,

combined with Hamersley's

stock rundown and a loss of tonnage because of a Brazilian

price negotiations, "prices need to rise by a substantial

percentage, with an additional

percentage over and above to mark the differential between

fines and lump."

backing for LME zinc contract

By Kenneth Gooding, Mining Correspondent

ZINC PRODUCERS are showing their support for the new London Metal Exchange special high grade (SHG) zinc contract by putting metal into the LME warshouses at a time when their own stocks are very low. This became clear yesterday

when the exchange announced that SHG stocks increased by e. net 5,600 tonnes last week to 8,500 tonnes.

Analysts suggested that this put the LME stocks well on and 25,000 tonnes by the end of this year, a level which would ensure the new contract had enough liquidity to work

had enough liquidity to work properly. Mr John Harris, an analyst with Endolf Wolff, the London-based metal trader, pointed out that the producers hed put pressure on the exchange to introduce the SHG contract because it more accu-rately reflected the metal ther optimism at Mt Newman, but the company is instead confronted with e production crisis which could hurt it badly rately reflected the metal they

and yield an unnecessary advantage to the nearby operations of CRA's Hamersley currently produce. Special high grade zinc is of 99.995 per cent purity com-pared with the 99.9 per cent purity of the High Grade zinc also quoted on the LMR. Iron and North Broken Hill Peko's Robe River group. Both of these competitors heve already implemented

changes in work practices over the past couple of years, with some pain. Robe River, in par-The new contract was launched in September and the ticular, saw a now-celebrated clash between unions and man-

innered in September and the first "prompt" or cash date is December 1. Turnover had been increas-ing slowly but surely to about 2,500 tonnes a day and the High Grade zinc contract eventually could die a natural death, said Mr Harris, and the exchange would not have to

force it out of existence. The special high grade contract is also expected to terminal accident, would together result in e tightening of the overall iron ore supply replace the European Producer Price (RPP) of zinc, which is widely used in contract negotiation This, it said, underpinned the generally held view among producers that, in forthcoming

Cominco, the Canadian group, lete on Friday increased its EPP to a record \$1,500 a tonne from \$1,425 but, only one or two other companies followed suit. Mr Harris suggested that Cominco's move was poorly timed because the market was already trying to absorb the very sharp rise in zine prices in recent

months. In response to the news about the increase in LME warehouse stocks yesterday the SHG three months delivery price fell by \$35 a tonne to

LINE WAREHOUSE STOCKS : (Change during week ended last Friday)

Hard labour in Soviet agriculture Outdated machinery limits production from the Ukraine's rich soil

HE SUGAR best harvest was in full swing on the massive 800-acre field The terrain was gently rolling and the quality of the land was obviously excellent, like so much of the Soviet Republic of

the Ukraine. I had been there before. The last time was six months ago, when the sugar beet seedlings had just emerged above the surface of the soil and were being thinned to the desirable plant population of about 30,000 per acre by dozens of bent-backed women wielding short hoes.

The practice has been grate-fully abandoned in Britain since the introduction 20 or more years ago of reliable mono-germ sugar beet varieties and precision planters which place each seed the correct distance from its neighbour.

the biggest difference between

The harvesting equipment the Ukrainians were using was old and inadequate for the size of the task they were attempting. It consisted of a tractordrawn machine which fialled the leaves off the beet six rows at a time and blew them into a trailer running alongside to be used later as cattle fodder. Next came a scalper, also pulled behind a tractor, which sliced the tops off the roots as they stood in the soil. Finally came yet another tractor pulling a lifter/elevator, which dug the roots out of the land and delivered them on to another trailer alongside

another trailer alongsine. On many farms in Britain these days, that whole job is done by one self-propelled harvester which combines all of those tasks. Western Euro-pean sugar beet harvesters also have a facility for separating on this Kirov collective farm asked, how I harvested sugar beet on my farm in England. Not wishing to condescend I restricted my reply to the fact that we tried to grow the crop without any hand labour. "Yes," he said, "that is some-thing we must work towards, but as you can see our machin-ery does not allow that at pres-ent. We hope that in five years sugar beet from unwanted

sugar beet from unwanted weed and for dropping the latter back on to the ground. Not so in the Ukraine. The weed-free crops which I had seen in the Spring had clearly not been heed or sprayed with herbicide again during the summer and a mat of grass weeds had grown among the roots. roots

The harvesting machinery, unable to distinguish between the two, was delivering both on to the trailers so that every load consisted of about two-thirds sugar beet and one-third weed.

wondered, if he was successful in achieving his ambition, what he would do with all the women who would presumably become redundant. "That will not be a problem," he replied. "They are getting old and will scon be unable to work. The younger women will work in factories, not on the land." I had indeed previously been But the roots could not be delivered to the processing factory in that condition. The I had indeed previously been told of e new plant which was to be built in the nearby village to process some of the food produced on the farm. weeds would have clogged machinery. So the mixture was being tipped in a long pile on to a part of the field already cleared and the same women who had heed the crop proceeded to turn them over one root at a time leaving the grass weeds where they had fallen away from agriculture. In Moscow meanwhile, Mik-hail Gorbachev, the Soviet and making another pile of beet a few yards away. The job employed dozens of middle-

aged and elderly women. On another part of the field, more women wearing charac-teristic aprons and coloured the Soviet Union. For the plain fact is that planned decentral-isation of management and the headscarves were compensat-ing for yet another shortcoming of yet another another another ers. Working with e man who controlled a pair of horses pull-ing a small cart, they were picking up the roots the machine had left on the land. At a guess they were having to clear up 10 per cent to 15 per

were they working while others were taking the day off?

By David Richardson

Vakarchuk, a charming man who was head of arable crops on this Kirov collective farm

ent. We hope that in five years it will be possible." I wished him well but wondered, if he was successful

There were further plans to

start small electronics and plastics production units as the

collective changed its emphasis

leader, was announcing more reforms aimed at improving

the efficiency of farming across

"Because the weather is good and the job needs doing and and the job needs doing and perestroke means we will earn more if we produce more than the previous collective farm management," came the reply. It emerged that this was the second year the gang had been responsible for the maize crop so I seled how much they had

so I asked how much they had increased yields last year. Embarrassed, they conceded that yields had not improved but that the reason was that because the centrally-ordered fertiliser, the timing of which was critical to the success of the crop, arrived six weeks

late. The food queues continue, therefore, and Soviet consum-ers are in danger of becoming disillusioned with perestroika. The inadequacy of machines like sugar beet harvesters and the continuing inefficiency of the bureaucracy ware cancel-ling ont attempts to restruc-ture the rural economy. So Mr Gorbachev is going back to first principles.

back to first principles. Referring to Stalin's enforced collectivisation of the land between 1929 and 1932 at a between 1929 and 1932 at a recent meeting of farm officials in Moscow he said: "When we separated the people from the land... we turned them from masters into mere hirelings." And he went on to declare that the Soviet Union must now give thet land back to those who farm it.

Accordingly, Soviet citizens will shortly be encouraged to lease blocks of farm land from the state to farm in their own way for up to 50 years. "And this idea," said Mr Gorbachev, should be taken up by the entire agrarian sector.

It was an amazing state-ment, but even more amazing perhaps was the enthusiastic response of Mr Vekarchuk when, back at the Kirov collective, he gave his reaction to the strategy. "It will," he said, "enable farming families to feel they are working not just for the state, not just for themselves, but for their children who will be able to inherit what their parents have

David Richardson was in the Soviet Union making films for Anglia Television's Farming Diary series.

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introduction of incentives which pay farm workers more if they produce more are not increasing supplies in the shops fast enough for an impatient urban population. A conversation I had on another Ukrainian field last created." May epitomised the problem. A gang of six workers were plant-ing maize seed on a National Holiday. Why, I asked them,

Zaire and Zambia raise cobalt price

particularly in Europe.

By Nicholas Woodsworth in Lusaka

ZAIRE AND Zambla, the two largest producers of cobalt, bave agreed to raise their world market prices for the metal by 12 per cent from \$7.50

bian Consolidated Copper Mines, the state-controlled consortium responsible for cobalt production.

prices had fallen as low as \$3.70 a lb from 1985 highs of about \$11 a lb. Following a The two countries, which September 1986, Zaire and

\$1.422.50. _____

But natural sugar beet which has not had its genetic make-up manipulated produces clusters of seeds which all clusters of seeds which all grow. To ensure that each root has room to develop to a viable aize surplus plants must be laboriously removed by hand. Soviet seed breeders are clearly some years behind those in Western Europe. Nevertheless, back in May, the crop looked full of promise. The density of the plant stand after thinning looked ebont right: the seedlings were healthy and the fertile soft was moist and free of weeds. By late October those plants had matured. Given the

had matured. Given the limitation of rainfall in the region, the high-temperatures of July and August and the relatively unsophisticated fer-tiliser used, the resulting cropwas as good as could be

expected. The yield wes probably about 14 tonnes to 15 tonnes per acre and the sugar content of the roots, I was told, was averaging around 15 per cent. On our Norfolk farm this year most crops are yielding about 18 tonnes per acre at 17 per cent to 18 per cent sugar. But

Soviet farm machinery.

the Ukraine and East Anglia was the relative inefficiency of

cent of the crop, again by hand, one sugar best at a time. My host, Ivan Georgievich

Cotton overproduction poses problem for India

139.62

135.91

By R.C. Murthy in Bombay

cotton industry.

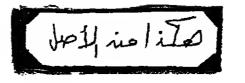
to \$ 8.40 a pound.	together are responsible for	Zambia fixed their price at \$7 a						
A joint agreement on the	some 75 per cent of non-	lb. In January of this year it				the Government is to prevent a	Exports of short and long-	
price rise was signed on Friday	Communist world production		Aluminium high grade +4,725 to 103,750		ensured big crops in eight out		staple cotton this year are	4
in the Zambian capital of	of cobalt, have co-operated on	Western nations buy some	Copper Grade A +125 to 70,050 Lead -160 to 39,425	1985-86 record of 10.7 m. bales	of the ten 10 cotton-growing	being drawn up for price stabi-	certain but the timing and	7
Lusaka by the Zairean state	pricing and production policy	20,000 tonnes of cobalt	Nickel +336 to 1,758	- but traders and growers are		lisation. The Reserve Bank of	quantity will be decided after	
mining company Gecamines,	since ending e competitive	annually, of which Zaire		forecasting production at more	late September floods in North	India, the country's central	the Government, growers and	
the Metal Marketing Corp-	price war two years ago.	produces 10,000 tonnes and	Th -450 to 8,320	than 11.5m bales.	India would damage crops	bank, is to relax the criteria for	users decide on the size of the	
oration of Zambia, and Zam-	In August of 1986 world	Zambia 4,000 tonnes.	Silver (oz). unchanged at 15,176,000	An increase in support	proved unfounded and hot	commercial bank lending	exportable surplus.	

WORLD COMMODITIES PRICES

LONDON MARKETS COCOA C/tonne LONDON BETAL EXCHANGE (Prices supplied by Amaigameted Metal Trading) **US MARKETS** Chicago CRUDE OIL (Light) 42,000 US galls 5/barrel AN Official Karb close Open Internet Close Previous High/Low Close Previous Latest Previous High/Low High/Low NICKEL prices came under pressure IN THE METALS, gold, silver and 863 840 865 844 858 840 859 840 859 840 865 855 906 890 825 905 SOYABEANS 5,000 bu min; cente/601b bushel Deo Mar May Jul Sep Dec Mer 852 845 845 842 854 869 903 a, 99.7% party (5 per tonne) Ring turnover 11,150 tonne 840 854 848 852 860 890 890 817 14.04 from belated profit-taking by merchents platinum markets had quiet eessions as many await the upcoming electio reports Droxel Burnham Lambert. 14.07 13.91 13.91 13.91 13.91 13.91 14.00 18.98 14.05 14.10 18.92 18.75 13.75 13.79 18.89 13.93 13.93 14.05 14.10 14.20 13.96 Dec Jan Feb May Jun Jun Jun Jun Jun Sep Close Previous High/Low and stale-bull liquidation after 13.80 Cesh 3 months 2485-05 2340-5 2475-80 2500-5 2347-9 18.77 13.78 13.86 13.90 13.94 13.98 14.02 13.92 13.93 14.00 14.05 14.05 14.15 788/4 801/2 610/4 808/5 807/4 797/4 797/4 700/4 734/0 792/0 804/0 e13/4 812/0 e10/0 798/0 759/0 732/8 LME warehouses rose by by 336 10.802 lots 2345-50 789/0 802/0 011/0 810/0 806/0 796/0 761/0 Nov Jan Mar May Jul Aug Sop Nov tonnes - more than had been Prices closed alightly higher as a Ring tumover 3,650 tonne Atuminium, 39.5% portly (2 per tonne expected, However, total holdings weaker dollar added some strength to 1415-20 Cash 1400-5 1315-25 1400/1391 1382-4 1315-25 the metals. Copper trading was active as fund and commission house selling sank prices 500 points. In the softs, romain low e) 1,758)onnes efter falling Dec. 21 1320-5 23,257 kts the previous week to the lowest level since August 1982. Cash metol tell by Turnover: 7924 (8999) lots of 10 tannes Copper, Grade A (£ per tonne) Ring Winover 45,550 tonne ICCO Indicator prices (SDRs per torune). Delity price for Nov 4: 1060.16 (1024.87):10 day eversalik prices 500 points. In the solis, sugar trading was light with prices closing unchanged. The cocca market noted a producer summit meeting postponed but hitle change was seen in the futures. Coffee railied over 200 to the and merulation basis. 1794-6 1012-3 HEATING OIL 42,000 US galts, cents/US gelis \$1,000 to close at \$11,450 e tonne. price for Nov 4: 1060.16 |1024.8 age for Nov 7: 1014.52 (1009.98) Cash 3 months 1870-2 735/0 1905 1620/1507 1617-8 1610-2 64,762 lots leeving the premium over three-month meta) et \$850 a tonne compared with SOYABEAN OIL 50,000 lbs: cents/lb Latest Previous High/Low COFFEE E/tonno Copper, Standard (E per tonnel Ring turnover 0 tonne Dec Jan Feb Apr May Aug 4405 4385 4305 3915 9600 3520 4408 4359 4251 3591 3751 3751 4438 4410 4820 3995 3650 3820 4385 4365 4270 3905 3800 3820 Close Previous High/Los Fridey's \$1,350. Analysts said the Close Previe High/Lo Cesh Jan, 4 22.68 22.68 23.42 23.90 24.25 24.25 24.25 24.40 24.52 24.50 1690-710 1780-800 1700-20 22.81 22.91 23.46 24.00 24.42 24.55 24.75 24.90 24.85 22.76 23.03 23.65 24.02 24.40 24.65 24.76 24.70 24.85 Dec Jan Mar May Jul Sep Oct Dec merket is now expected to retrace to 33 lots 1082 1070 1102 1090 1108 1095 1110 1100 1115 1100 1072 1064 1105 1116 1122 1124 1120 Nov 1082 1102 1115 the major chart support base of \$4.50 e as trade and speculative buying Filing turnover 0 czs Jen Mar Silver (US cents/fine out ib (\$9.918 a tonne). Copper prices also pushed the market into full 1113 1115 1*1*24 1125 637-8 651-4 refreated, again with profi)-taking Cash 642-4 3 months 654-7 623-5 545-5 May Jiy Sep Nov backwardation. The grain markets 432 lots following last week's advences, which wero tuelled by sound Chinese COCOA 10 Ionnes;\$/tonnes showed weakness for most of the day, as rain in Brazil and Increased US 1100 1100 Lead (C per tonno) Bing turnever 16,200 torms Close Previous High/Low crop estimates were noted . Volume demond and the continuing miners' Cesh 373-4 3 months 373.5-4 574/372 374/309 374-6 370-2 1895 1406 1404 1404 1400 1402 1380 1390 1390 1395 1420 1439 1490 Turnover: 765 (2336) lots of 0 tonnes ICO indicator prices (US cents per pound) for Nov 4. Comp. daily 112.82 (113.03); . 16 day avorage 113.57 (113.58). 1403 1405 1404 1411 1425 1443 1480 1423 1429 1429 1434 1437 1455 1500 Dec Mar May Jui Sep Dec Mer sirike in Poru. Cottee prices relied 373-3.5 10,557 kts was low with most commancial traders SOYABEAN MEAL 100 tons; \$/ton towards the close as New York opened staying away. In the meat markets, Ring tumover 2,154 tonne Mickel (\$ par tonne) higher, bu) volume was light. Close Previous High/Low lower cash prices kept most of the Gest 11400-500 3 months 10550-650 12000/11900 11900-200 12400-500 11000-200 meals from advancing. Pork beilies lost 18 for the session. Cotion trading 262.0 262.2 259.7 253.7 248.2 241.0 235.7 221.7 218.5 265.3 265.2 263.5 261.0 258.1 250.0 245.7 231.7 224.5 265.7 266.0 264.0 262.0 256.2 260.0 245.7 231.7 224.0 SPOT MARKETS 10500-605 5.874 lota Dec Jan May Jul Aug Sep Oct Dec SUGAR (S per tonne) Crude ell (per barrel FOB) + 01 Zinc (S per tonne) Ring tamover 18,550 tonne leatured trade and local selling as prices feli over 40 in light volume. In Raw Close Previous High/Low \$10 75-0.85x -0.10 \$12,70-2.80 + .025 \$14,02-4.05x -0.06 Cash 3 months 1475-80 1385-90 1482-7 1421-3 1480/1475 1395/1375 1480-5 1364-5 COFFEE "C" 37.500lbs: cents/ibs Duba 241.00 230.40 224.60 220.40 217.00 242.00 232.00 226.40 221.00 218.00 239.00 239.00 232.00 229.00 226.20 234.20 221.00 219.40 217.00 217.00 Dec Mar May 13,788 lots 1365-80 the energy markets, crude oil prices were steady tor most of the session, Brons Brond WT). (1 pm ost) Close Previous ... High/Low 127.25 126.58 126.01 125.48 125.60 124.25 124.25 124.00 125.01 125.64 125.25 124.80 124.00 123.50 127.25 126.80 126.50 0 0 125.01 125.64 126.00 unleaded gasoline futures gained over 100 points as some technical buying Dec May Jul Sep Dec Mar OE p Aug Oct (NWE prompt delivery per tonne CIF) SOYABEAN MEAL CRONNE LONDON BULLION BARKET near the close railled the market. MAIZE 5,000 bu min; cent White Close Previous High/Low Gold (fine oz) \$ price £ squivele Ciosa Previous High/Low \$176-179 \$124-125 \$60-62 \$131-133 +0.5 +2.5 +0.5 Promium Gasolin Gos Oil Clove Opening ming fix Dec Mar Oct Dec Mar 276.00 283.00 257.00 257.00 257.00 279.00 178.00 177.00 177.00 175.00 164.00 237-237 12 238 12-239 238-257 237.131 Close Previous High/Low 177.00 180.00 179.00 4204-4214 **New York** 124.05 124.01 Hoavy Fuel Oil Nophiha Potroloum Argus Estimate 265.50 259.00 259.00 259.00 257.50 253.50 Apr 175.00 278/6 254/0 287/6 296/0 270/0 290/0 205/6 Dec Mar May Jul Sep Dec Mar 278/0 283/2 296/0 285/6 270/0 260/0 266/6 278/6 254/4 257/6 288/4 270/0 265/6 0 •1 167.50 420.60 GOLD 100 troy oz ; Stroy oz. A WORLD "11" 112,000 lbs; cent 255.00 256.00 Turnover 35 (88) lots of 20 toniv Day's high Day's low 4224-4224 Close Previous High/Lo Ciose + or Previous High/Low Other FREIGHT FUTURES \$10/lodax point 9,90 10,19 9,95 9,75 9,75 9,60 8,63 9,34 Turnover: Raw 2086 (4440) White 784 (2051) . 9.90 10.19 9.95 9.65 8.65 9.42 Gold (per troy oz) Silver (per troy oz) Plátinum (per troy oz) Palladium (per troy oz) lots of 50 to 422.8 424.7 427.3 429.9 435.1 440.4 445.1 451.8 457.4 421.5 425.6 426.1 426.8 430.8 430.0 444.6 450.2 455.8 Jan Mar May Jul Oot Jan Mar 9.89 10.25 9.95 9.80 9.80 9.65 0 9.35 9.89 10,10 8.84 9.69 9.55 0 9.35 \$421.0 G45c +0.5 0 422.3 0 427.7 432.9 437.9 0 Coles Cicse \$ price £ equival 425.0 Dec Jan Jan Feb Apr Jung Oct Dec 433-437 433-437 432-437 432-437 432-437 432-423 89-100 88-100 589.95-505.80 Paris- White (FFr per tonne): Dec 1670, Ma 1610, May 1580, Aug 1580, Oct 1575, Dec 1570 \$579.25 \$125.00 -7.5 1457 1479 1494 1533 1339 1410 1461 1454 1468 1530 1330 1398 1461 1450 1485 1470 1499 1485 1535 1525 1339 1325 244-247 Nov Deo Jan Apr Jus BFI 430.2 434.9 439.7 WHEAT 5,000 by min; can Briteratia US Eagle 244-247 244-247 24312-24412 23612-23812 5514-6612 3514-6612 338.85-342.75 Aluminium (troe market) Copper (US Producer) Load (US Producer) Nickel (troe market) Tin (European Iree market) Tin (Kuala Lumpur market) Tin (Kuala Lumpur market) Zinc (US Prime Westorn) Zinc (US Prime Westorn) \$24:5 1584-10 404c 570c 19.677 3405c \$1475 767c GAS OIL S/tonne Cice 45 Pre High/Low Close Pre Dec Mer May Jul Sep Dec 415/6 424/2 404/0 379/0 382/6 393/0 419/0 425/6 404/4 877/6 362/0 361/2 125.75 124.50 124.75 125.50 123.75 122.25 121.50 120.75 118.75 118.00 116.00 116.25 118.00 115.00 419/0 124.50 123.75 122.50 120.25 118.50 118.50 118.00 Nov Jan Feb Mar Apr May 124.75 124.25 122.75 121.00 118.00 118.25 115.00 426/0 406/0 360/0 383/4 391/2 COTTON 50,000; cents/lbr -15 Tumover 257 (137) +80.00 +10 +37.5 PLATINUM 50 Stoy or Story OL 55.78 56.10 56.33 56.47 56.90 56.12 56.12 56.10 55.62 55.83 55.98 55.20 55.40 56.40 56.85 p/fine cz US cts equit 56.20 56.46 56.70 57.00 55.25 56.65 56.10 56.20 Silver Sx Dec Mar May Jul Oct Dec Mar Previous High/Los Close 642.50 656.15 LIVE CATTLE 40,000 lbs; conts/lbs 587.8 584.2 586.2 589.7 594.7 578.4 578.4 590.9 554.9 554.9 559.9 Jan Apr Jei Oct Jen 588.0 578.5 585.0 585.4 0 S months 5 months 372.75 +2.61 577.0 581.5 0 Cattle (live weight)f Sheep (dead weight)f Pigs jilve weight)f 113.07p Turnover 5911 (9089) lots of 100 tonnes 381.40 689.65 697.85 Cion Previous High/Lo 0 56.60 12 months 0 56.05 172 95p 76.80p + 16.9* 73.00 73.57 75.05 73.55 71.02 70.76 70.20 73.78 73.37 74.77 73.37 70.95 70.50 70.10 Dec Fab Apr Jun Aug Sep Ot 73.95 73.90 75.35 73.67 71.20 70.75 70.40 0 London daily sugar (raw) London daily sugar (white) Tate and Lyle export price \$271.4w \$276.0w \$253.0 •7.0 -5.5 -3.0 GRAINS E/tonne ORANGE .SUICE 15,000 lbs; cents/lbs SILVER 5,000 boy oz, cents/boy oz. Close Previous High/Low High/Low Previous Ciose Previous High/Los Nov Jan Mar May 195.30 111.65 114.85 185.35 174.70 172.30 171.80 171.80 171.00 185.45 163.95 181.95 181.95 (86.60) 175.55 173.00 172.55 171.25 165.50 184.45 162.45 162.45 Barley (English feed) Ung. Meize (US No. 3 yollow) 2125.5 Wheat (US Dark Northern) 2116.75w 165.50 175.25 172.90 172.00 171.00 165.50 0 108.80 t t 2.00 108.30 111.75 111,60 Nov Dec Jen Mar May Jul 184.80 Nov Jen Mar May Jul Sep Jen Mar 648.0 663.0 657.9 668.2 678.2 658.6 698.7 714.2 719.2 730.8 642.5 651.3 651.4 671.3 681.5 691.5 707.0 711.9 723.4 0 0 645.0 0 660.0 877.0 893.0 695.0 707.0 174.10 115.15 114.95 114.75 117.80 117.70 853.5 0 669.0 677.0 660.0 695.0 711.0 0 0 -0.50 TEA There ware 20,034 packages on offer at this weeks' auction, including 1,000 offshore, reports the Tea Brokers' Association. There was good goneral demand at firm to dearer rales. Assams mot strong competition and prices were fully firm except for plain mediums which bunded easier and the poorest descriptions which were again neglected. Brighter Housing African tees sold at firm to dearer levels. Mediums wore firm while planer costs proved irregularly easier. Ceytons were again well supported and often dearer. Offshore tees came to a good enquiry at fully firm rates. Quobations: quality 165p (159p), medium 108p (105p), low medium 75p (73p). LIVE HOGS 30,000 Ib; cent The Business t17.50 116.10 171,40 171,00 165,50 Rubber (spot) \$\$5,00p Rubber (Dec) \$\$62,00p Rubber (Jan) \$\$62,00p Rubber (KL RSS No 1 Dec) 281 5m -0.50 -0.50 -0.50 -0.50 Close Previous High/Low Barley Close Provious High/Low Section appears 42.12 45.77 44.00 48.70 48.70 48.70 44.85 46.96 Dec Feb Apr Jun Jun Aug Oct Dec 41.75 45.50 43.65 48.52 48.00 48.00 44.60 47.00 42,40 46,27 44,40 48,95 49,15 48,40 45,05 Nov Jan Mar May 104.55 104.10 107.90 107.55 110.85 110.65 112.55 112.50 104.15 104 55 107 65 107.80 every Tuesday + Sep Dec Jan Mar 107 65 1 10.85 1 12.50 0 Coconut oil (Philippines)§ Paim Oit (Malaysian)§ 110.00 \$5:0w \$420 \$370z \$191 Saturday. -25 For further details Copra (Philippini Soyaboans (USI Cotton "A" index Wheat 46 (230) , Barley 85 (83) . lots of 100 tonnos. COPPER 25,000 lbs; cants/lbs Turnovor (HDICKS 58.60c 635p +0.20 please contact Cotton "A" index Woottops (64s Super) Close Previous High/Low POTATOES C/mone REUTERS (B ember 18 1931. = 100 Nov Dec Jan Mar Mar Mar Jan Sep Dec 145.60 138.90 131.60 118.90 109.76 107.20 104.20 149.00 142.00 133.40 138.20 111.20 109.00 108.25 103.50 148.00 139.50 152.00 177.00 177.00 107.50 103.60 144.00 198.50 132.00 116.50 106.40 106.00 103.00 103.00 PORK BELLIES 38,000 lbs; cents/lb James Pascall E a tonno unloss otherwise stated, p-pence/kg, c-cents/lb, r-ringgl/kg, z-Oct, x-Dec, w-Nov/Dec, w-Oct/Dec, u-Oct/Nov, q-Jan/Mar, TMeat Com-mission average tatstock prices. * change from 5 week ago. #London physical market SCIF Rotterdam. & Buillion market close, m-Malay-Nov 4 Nov 5 mnth ago yr ago Ciúse Provious High/Low Close Previous Nov Apr May Nov on 248-8000 High/Low 49.0 94.1 42.0 40.0 94.5 98.8 105.4 105.1 83.0 49.0 93.7 1883.5 1864.5 1867.7 1645.5 Feb Mer May Jul Aug 46.12 46.70 48.47 49.55 48.40 48.30 48.92 48.60 49.65 48.27 47.1S 47.75 DOW JONES (Base: Dec. 31 1874 - 100) Ext 3524. 105.5 105.0 84.0 49.35 50.62 49.45 137.00 131.80 125.68

160 (215) lots of 40 tonnes

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WORLD STOCK MARKETS

'	FINANCIAL TIMES TUESDAY NOVE	MBER 8 1988				Φ 4
lture			W	ORLD STO	CK MARKETS	
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S FICH W Anthe Source of the	Herrisonher 7 Sch + W - Package Concenter Constrantial 2001 2001 2001 2001 Constrantial 14.800 +400 21.801 21.801 Augenzister 110 +11 21.801 21.801 Permoscie 460 21.801 21.801 Scaperti 110 +1 2000 21.801 Scaperti 110 +1 2000 21.801 Scaperti 110 +1 2000 21.801 Scaperti 21.901 21.801 21.700 Baste Mal, a Lax 2.915 21.801 21.801 Baste Mal, a Lax 13.150 21.801 24.900 Baste Mal, a Lax 2.915 21.801 24.900 Cockett 13.970 +75 24.400 24.900 24.400 Do, AFV 2 2.970 20.800 24.900 24.900 Cocheffi 32.	Bar Revealter 7 Dat. + er BSF BSF 274.1 -4.4 Bart BSF 274.1 -4.3 Satomert 121.5 -4.4 Satomert 121.5 -4.3 Satomert 121.5 -4.3 Satomert 121.5 -4.3 Satomert 121.5 -4.3 Barther Katt 120.5 -3 Barther Katt 120.5 -4 Barther Katt 120.5 -4 Barther Katt 447 -1.5 Barther Katt 246.2 -1.3 Barther Katt 246.5 -3 -13 Barther Katt 246.5 -3 -14 Datate Satt 246.5 -3 -5 Dockel (Fr.1 131.4 +4 -6 Datate Satt 220.5 -3 -7 Degrat 230.5 -4.5 -7 Degrat 230.4 -13.5 -7	November T Lire + sr Preið Spa 3.137 419 Rossenie La 5.130 -250 RAS 5.130 -260 Spiner 2.220 -70 Sofia -200 -200 Spiner -224 -7 Sofia -200 -200 Spiner -224 -7 Sofia -225 -40 Striger -225 -7 Sofia -77 555 Striger -2250 -7 Tool Assiur -2250 -74 Actor -11.105 -27 Actor -270 -13 Actor -270 -14 Actor -270 -13 Actor -270 -13	WELPED Namesher 7 Konser + 97 - AGA 0 (fred	Same Same High Lew Chee Gray TORONITO JUNE OF CONSTRUET Constations in certs unitses memores 3. See A Anthol Pr Stath 34: 34: 34: 34: 34: 34: 34: 34: 34: 34:	NADDA Secta Stack High Lew Clease Chap 105200 Int Cope 313 110720 Int Cope 314 110720 Int Cope 314 110720 Int Cope 314 11072 In
	DENNAARK Pechelbrone 1/30 November 7 Kr * + 0r - Period Ricard 1/308 Parter 1/308 Period Ricard 1/308 Cardsber 7 Kr * + 0r - Period Ricard 1/308 Cardsber 7 1/300 - Period Ricard 1/308 Cardsber 7 1/300 - 0 Period Ricard 1/308 On Randetsbank 303.8 +0.8 Pretaball Scontl 1/078 0/31 On Randetsbank 303.8 +0.8 Pretaball Scontl 0/31 0/38 On Randetsbank 375 -0.9 Ratiotech 0/30 0/38 On Randets Bank 375 -0.9 Ratiotech 3,150 0/38 Gatt Radiang 210 -2.1 Rotoute 3,150 400 400 Jyste Bank 44.2 +2.2 Ritone-Poul (CtS) -1/340 4 Morefielt Kalad 555 +4.2 Stater 1/340 555	Volkswigen 304.1 -6	Rossing 132.00 ref Rossing 132.00 ref Rossing 254.00 Horst Data A 102.00 -0.5 Norsk Hydro 102.00 -0.5 Orkis Bonrepard 235.5	Weiseriher 5520 -30 Do. Ptg. 77.6 -5 Zarich as 5830 -20 Do. Ptg. 1,950 +10 SDATTH AFRICA		DICES
An Article and Art	Bit All Solution Solution	Traly Barci Con ¹ /e 2974 456 Barci Con ¹ /e 2974 456 Barci Con ¹ /e 9.115 2915 Barci Con ¹ /e 9.115 2915 Barci Con ¹ /e 9.115 2915 Barci Con ¹ /e 11.689 -11 Barci Con ¹ /e 11.689 -11 Barci Con ¹ /e 11.689 -11 Barci Con ¹ /e 11.699 -11 Cone Con ¹ /e 10.17 -10 Cone Marci Con ¹ /e 30.25 -43	November Ptx. % + &r Alczzz 695 -5 Banco Bilbao Viz 1.215 +45 Banco Datral 1.044 - Banco Exterior 420 -5 Banco Exterior 1.044 - Ganco Santanter 1.044 -5 Drogados 1.230 +5 Drogados 1.230 +5 Drogados 3.765 -15 Decard Viespo 320 -2 Exercia Ind Ara 320 -2 Exercia Ind Ara 326 -0.5 Explosionit Ric 336 -0.8 Faca Regult 336 -0.5 Faca Regult 543 -0.4	Abertain 425 +0.4 AED 112.75 +0.25 Antied Tech 101 +1 Antied Tech 101 +1 Antied Am Con 45.5	NEW YORK DOW JONES Nov Nov Nov Nov 1985 Since compilation 4 3 2 1 High Low High Low 4 3 2 1 High Low High Compilation 4 3 2 1 High Low High Compilation 4 90.40 90.62 90.58 91.25 86.12 -	Nov. Nov. <th< th=""></th<>
dia	Rasma-Repois 13.8 C45 Usion immob Fr. 104 Stackmann B 1182.5 -0.1 124 124 Udio timo b Fr. 122.5 -0.1 124 Udio timo b Fr. 125.5 -0.1 125.5 Udio timo b Fr. 125.5 -0.1 125.5 Udio timo b Fr. 115.5 112.5 125.5 Wartsila (11) 112.5 +3.5 62.8 Rowenther 7 Frs. + or A5.6 10 Actor 536 -10 Acting a Verteen 430.5 Acting a Occiden 1.908 -37 Attage Acting A Verteen 430.5 Alazie -1.908 -37 Attage Acting A Science 1.693.5 Alazie -1.908 -37 Attage ASS -1.24 Abstroot -373 +1 0.0 625.87 +1	Foodlarta 67,200 2210 15 Centips 1,850 42,800 15 Centips 12,900 420 16 Centips 12,900 420 17 Prix 20,000 420 17 Astronomic 12,900 430 17 Astronomic 12,900 430 12 Microsoftaria 12,900 430 12 Microsoftaria 12,900 430 12 Microsoftaria 12,900 -150 Microsoftaria 12,900 -150 -150 Microsoftaria 12,900 -20 -20 Microsoftaria 2,059 -210 -20 Microsoftaria 2,059 -210 -22 0 Dilectil 7,460 -22 10 -27 -20 -20	Kothe 400	Nation Higgs 21 401 Nethank	Financial Z5,43 Z5,70 Z5,73 Z5,82 Z6,42 Z1,21 Z5,887 Z16/729 8,64 WYSE Composite 155,70 157,08 157,00 156,98 159,00 156,78 157,00 156,78 156,70 156,78 156,70 156,78 157,00 156,27 305,01 256,98 56,27 56,27 56,27 56,27 56,27 56,27 56,27 56,27 56,27 56,27 56,27 56,27 56,27 56,27 56,27 151,10,17,12 131,10,17,2 131,10,17,2 131,10,	Baug Seeg Bank (3),7/64) 2567,02 2584,51 2584,49 2607,62 2772,53 (12/7) 2223,56 0 TTALY Barra Com. Nal. (1972) 588,52 588,21 589,35 587,26 592,69 20/101 423,91 19 JAPAN*** Philed (16/5)497 27864,36 27953,25 (2) 27985,26 28423 38 (5)/89 21217,04 1 Hitted (16/5)497 2129,44 2144,08 42 2150,29 2253,10 2/89 1690,44 1 TETHERLANDS International 2150,29 253,10 2/89 1 1690,44 1
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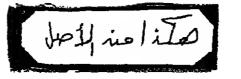
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WORLD STOCK MARKETS

FINANCIAL TIMES

AMERICA

Pre-election jitters keep Dow and bonds subdued

Wall Street

JITTERS before today's presidential elections and residual concern about the apparent evidence of continuing economic strength in last Friday's unemployment figures com-bined to push equities lower on Wall Street yesterday, writes

Jonet Bush in New York. At 2pm, the Dow Jones Industrial Average was quoted 24.89 points lower at 2,120.91. Volume was, however, very light with only 71m shares changing hands hy midsession.

The weakness in equities was reflected in falls in hoth US Treasury bonds and the dollar. By midsession, bonds were quoted as much as % point lower and the US cur-rency was quoted at its session lows of Y124.65 and DM1.7830. Activity in all markets was

very light as traders stayed out, waiting until the election results start to come through tonight. The focus is already shifting beyond the election itself. Vice President George Bush, as a Republican the natural preference for financial markets, is expected to win although the Democrats are expected to retain control of both Houses.

There is a widespread view that, even if Mr Bush wins, markets will fall. Many analysts helieve the foreign exchange markets will seriously test the dollar for the first time during this election year, reflecting concerns about the trade balance, the rocky state of the US financial sys-tem, particularly savings and

loans, and longer-run concern about the budget deficit. The bond market took a seri-Canada

ous knock on Friday when the employment figures turned out mucb stronger than expected. Whereas some analysis had started talking about the Fed easing monetary policy in response to a slow-down in the economy, those same analysts are now predicting another tightening in policy. What action there was on

the equity market yesterday tended to revolve around takeover stocks. RJR Nabisco remained in the spotlight after a group led by Forstmann Lit-tle, a leveraged buy-out firm, and including three large food companies, said they may con-sider launching a bid for the company which would top the existing bids by Kohlberg Kravis Roberts and its own

management. RJR Nabisco added \$1% to \$86% at midsession. The three food companies involved in the Gamble fell \$2% to \$324, Ral-ston Pnrina slipped \$1% to \$80% and Castle & Cooke dropped \$% to \$36%.

Among other featured stocks Pillsbury dropped \$1 % to \$59% after the company said it planned to spin off its Burger King and Distron subsidiaries. The move was in response to the \$60 a share takeover offer from Grand Metropolitan.

MCorp added \$1 to \$% after the Texas bank holding company reached a compromise with federal regulators which appears to have staved off bankruptcy.

THE publication of an opinion poll giving the opposition Liberals a 12-point lead before the November 21 election sent Canadian equities markets plunging in morning trading yesterday, writes David Owen in Toronto

By 1pm the TSE-300 compos-ite index was down 76.27, or 2.3 per cent, at 3.259.5 on heavy volume. Montreal was down sharply too, off 37.2 at 1,599.7.

The markets' concern is that the poll suggests that the still unratified US-Canada free trade agreement is in jeopardy. The deal negotiated hy the gov-erning Progressive Conserva-tive party would eliminate most remaining tariffs between the two countries over 10 years. It is strongly supported by businessmen hut is bitterly

opposed by both the Liberais and New Democratic Party. Yesterday's poll, which puts Liberal support at its highest level since before the 1984 election, suggests that the Conser vatives are increasingly unlikely to retain power and, therefore, that the free trade deal will not go into effect on January L

All sub-indices in Toronto iost ground, with industrial products issues registering a decline of 3.7 per cent, Exportoriented forest products and mining issues also fell despite a sharp decline in the value of the Canadian dollar. Canadian dollar slides, Page

Investors stick to sidelines before poll news per cent in Montagne. AMSTERDAM drifted lower

THE wait for today's US presidential election took its toll – as expected – on Euro-pean markets, most of which had a quiet day in low vol-umes, writes Our Morkets Staff.

EUROPE

FRANKFURT traded quietly as dealers and investors showed a marked reluctance to take up new positions before the result of today's US presi-dential election is known. At midsession the FAZ stood 6.80 lower at 525.76, and at the close the DAX index was 13.89 easier at 1.271.13.

Daimler was the day's main feature, closing down DM13.50 at DM744.50 as the market waited for cabinet approval of a plan allowing the car manu-facturer to take a 30 per cent stake in aerospace group MBB, one of the partners in tha European consortium which makes the Airbus.

It was after the market cloaed wban news came through that the Free Democratic Party, junior partners in

FURTHER revelations in an

ongoing share sale scandal and weekend reports that the ailing

Emperor of Japan had taken a turn for the worse, triggered a bout of selling that sent share prices tumhling on signifi-

cantly lower volume, writes Michiyo Nakamoto in Tokyo. The Nikkei average lost

180.39 to 27,866.36 after moving between a high of 28,043.93 and a low of 27,865.77, Volume fell to 866.8m shares from 1.6bn on Friday, reflecting the reduced trading activity that is typi-

cally seen in a Monday market, Issues that declined outnum-

bered those advancing by 581.

to 257 and 169 issues were

The TOPIX index of all listed stocks dropped 15.61 to 2,129.44 and later in London, the ISE/ Nikkei 50 index closed 0.93 up

The Recruit Cosmos share sale scandal has had a dampen-

ing impact on the Tokyo mar-

ket since the summer, as the growing number of those involved has led to claims of

unfairness in the market's sys-tem and to the possibility of a

wide-ranging capital gains tax.

Several prominent politicians and husinessmen were able to

make enormous profits hy buy-

ing shares of the property com-pany at a considerable dis-

count before its registration on

the over-the-counter market. Over the weekend a Socialist

member of the Diet (Parlia-

ment) resigned to take moral

ASIA PACIFIC

Tokyo

unchanged

at 1,732.9.

the coalition government, had confirmed its support for the Daimler holding in MBB, thus increasing the chances of the West German cabinet approving the plan. Among the banks Dresdner

led the way with a 60 pfg rise to DM296.80 on foreign demand and continued speculation that insurer Allianz has been huying the stock. It has been known for sometime that Dresdner wants to link up with another financial institution in a "1992-type alliance," said one dealer, and an agreed crossshareholding arrangement with Allianz was a real possi-

billty. Profit-taking saw Siemens drop DM8.50 to DM473.70 despite news that a West Ger-man consortium led by Sie-mens and AEG has won a sizeable contract to snpply equipment for a new under ground transport system in Sbanghai. Retailer Karstadt fell DM17 to DM431 after revealing a 3.1 per cent

increase in turnover for the first six months of tha year. PARIS was constrained by pre-election lethargy and closed lower in reduced vol-umes, although there were still some sparks of speculation. The OMF 50 index fell 3.59 at

The bank sector was particu-larly active, with most stocks reporting gains after Friday's announcement of the date for Mediobanca's expected L500bn share placement. BCI advanced L62 to L2.974 and Credito Itali-410.42. CCF was active again, with about 300,000 shares traded in France, climbing FFr3.50 to FFr164.50. Rumours about the reshuffling of hard core shareano added L15 to end at L1,603, although Mediobanca shares fell L210 to L19,850. BRUSSELS closed slightly holdings of privatised companies, seen most recently in Société Générale and CGE, had switched to CCF, said one anafirmer on low volume with only a few stocks avoiding the pre-election malaise. The cash index closed at 5,364.1, down

lyst in Paris. News that glass maker Saint Gobain, off FFr5 at FFr557, had taken a 3 per cent stake in Essilor dampened recent takeover speculation on the latter, which closed FFr197, or 5.8 per Vieille Montagne, the world's largest zinc smelter, closed BFr300 firmer at BFr12,000

cent, lower at FF13,213. MILAN ended barely changed from Friday's close with dealers waiting for US voters to name their next presi-dent before committing them-

selves to new positions. Yester-day was also the first day of the crucial debate in the Italian parliament on the 1969 bud-get. By the close the Comit index was just 0.31 higher at 588.52 The bank sector was particu-

anid speculation of an accord between parent company. Union Minière and Luxem-bourg-based Flin, which has a blocking minority of at least 25

13.9m shares, lost Y4 to Y776.

with dealers and investors.

on anxiety over the US election result and its effect on the dolresult and its effect on the dol-lar. Turnover was low, and by the close the CBS index was down 1.2 at 99.8. Unliever F1 230 ended lower at F1 118.50 after acquiring US bakery group Pennant Products. ZURICH had a quiet session on its first day's trading with extended hours, opening one hour earlier at 9.30 am. The wait for today's US election and possible effects on curren-

Tuesday November 8 1988

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and possible effects on curren-cies kept investors away and the Credit Suisse index fell 2.6 to 497.0.

MADRID gained ground amid caution over the upcom-ing US election, with the gen-eral index adding 0.32 to 233.54. Banks and engineering stocks were firmer hut construction issues fell back. STOCKHOLM turned down

across the board in listless trading, with the Affärsvärlden index falling 4.9 to 961.0 after last week's strength.

Investment holding company

Emperor's deteriorating health hits Nikkei

just after the company went

The Emperor, who has been seriously ill for over six weeks now, was reported to be in have been nervous about being caught with positions should the Emperor die, as the market could he closed for several

days. There are several other external factors adding to the uncertainty inhibiting inves-

tors from active participation, among them today's US presi-dential election and Japan's merchandise trade statistics for October, due on Thursday. The weakness of the bond market, which has been under heavy profit-taking pressure, is also having a negative effect

on equities. News that the secretary to the chairman of NTT admitted huying Recruit Cosmos shares sent NTT plunging to a new low for the year of Y1.73m, off Y70.000. NTT has performed pooriy since the completion of the sale of a third tranche of

the company's shares on October 21. Steel issues, again the most heavily traded, were weaker yesterday. Kobe Steel, the vol-

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ume leader at 92.7m shares, dropped Y2 to Y755. Samitomo Metal, second in volume at 73m shares, fell Y3 to Y777 and Nip-pon Steel, third in volume, lost Y15 to Y890. Kawasaki Steel declined Y20 to Y1,070 in heavy

108.8m shares compared with 185.7m on Friday. Sumitomo Metal, most heavily traded at

AFP Group was again heavily traded, rising 5 cents to A\$1.20 as nearly 7m shares changed hands. The activity could be evidence that someone is build-ing a stake in the company, said one Louidon-based analyst. A FEAR of leaving positions : exposed before today's US pres-idential election dominated Among leading stocks, BHP led industrials lower, falling 14 cents to A\$7.50 ex-dividend, while Adsteam sipped 16 cents trading in the Asia Pacific markets yesterday, with shares ending weaker on low turnover. AUSTRALIA traded quietly

to A\$6.04 ex-bonus. HONG KONG was also lower on thin turnover before the US presidential vote. Sentiment was not helped by Hongkong Telecom's abnouncement of a HK\$4hn international share placement, the largest ever hy a Hong Kong company. The Hang Seng index ended 17.49 weaker at 2,567.02.

Much of the day's activity centred on blue chips, with Swire Pacific "A" falling 10 cents to HK\$17.90 and China Light adding 40 cents to HK\$16.90. News of its share placement sent Hongkong Telecom 10 cents lower to HK\$5.20. SINGAPORE was equally hampered hy a reluctance to trade before the election, with today's local holiday only adding to the languorous mood.

New indices offer South Africa-free investment

Alison Maitland o a novel option for the international equity investor

G lohal equity invest who are anxious avoid compan directly connected with So Africa will be served by a novel set of market indices to be launched at the start of next

year. The "South Africa-free" indi-ces, which exclude companies

SOUTH	AFRICA-FREE	IMPACT ON	FT-A INDE
Country	% excluded by no. of stocks	% excluded by mkt cap	Weight in SA Free World
US	12	20	32
UK	28	48	6
Japan	-	-	50
Europe	20	44	13
World	14	16	100

authority pension funds in the UK – which has large invest-ments in South Africa – have policies restricting links with cent of the global market (as at the end of August), and to 76 per cent of the Euro-Pacific index. This is because Japa-

Roundup volume

Paper companies strengthened; a new Emperor, and hence a new era, would require the re-issue of documents and other forms. Jujo Paper and Honshn Paper both added Y30 with dealers and investors. unwilling to trade heavily before the US presidential elec-tion. The day's only set of eco-nomic data — retail sales for August were down 0.7 per cent — had little effect on the mar-ket, and most shares ended slightly weaker for lack of huy-ing support. By the close the All Ordinaries index was off 13 at L557.4 m low turnover. to Y1,190 and Y1,150 respec-tively. Sanyo-Kokusaku Pulp rose Y40 to Y1,050 and Oli Paper advanced Y20 to Y1,650. Property companies firmed on interest in their redevelopon interest in their redevelop-ment projects and on their low per share net asset ratio, said analysts. Mitsui Real Estate, which has redevelopment pro-jects along Tokyo Bay, rose Y70 to a new high for the year of Y3,120, and closed up Y40 at Y3,090 on heavy volume. Mitsu-hishi Estate added Y30 to Y2,740. at 1,557.4 on low turnover. Banks went against the gen-eral market trend, with National Australia gaining 4 cents to A\$6.54 after revealing that it will announce a special.

Investors remained cautions in Osaka, sending the OSE average down 143.73 to 25,495.41. Volume was lower at

scrip dividend along with its annual results this Thursday. Both Westnac and ANZ advanced in sympathy, hut later eased off on thin demand to close unchanged at A\$5.70 and A\$5.46 respectively.

Y2,740.

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that invest directly in the republic, cover industries, countries and geographical regions and are based on the FT-Actuaries World Indices. They are being jointly com-piled by County NatWest WoodMac, the UK securities firm, and Goldman Sachs, the US investment hank.

The information on compa nies' South African links is being supplied by the Investor Responsibility Research Center in Washington, an independent hody funded hy annual sub-scriptions from more than 350 mainly US institutional investors.

The purpose is to offer a solution to global portfollo managers who have come under growing pressure in recent years to ensure their funds avoid investing in companies with South African links. "We've had a very high level of response to our plans." says Mr Symon Bradford, quantitative analyst with County NatWest WoodMac in Edinburgh. "We've had a lot of interest from the US and we know there's interest here in the UK too." More than half the 98 local

the republic, according to the **Pensions and Investment** Resource Centre in London. The issue is also of increas ing importance in the US, where pension funds are forecast to triple their assets invested abroad from \$50hn at the end of last year to \$150bn

by 1992, according to consultants InterSec Research. Although there is no national US legislation, 22 of the 50 states and 55 cities have adopted some sort of restriction on public employee pen-sion fund investments in South African-linked companies, says Mr David Hauck, senior ana-lyst at the IRRC. Endowment funds at 150 colleges and universities also operate restric-

tions The estimates of the value of funds under some kind of South African restriction are \$30bn to \$40hn, or 1 to 2 per cent of the value of the US equity market," he says. By excluding companies

with direct Investments in South Africa, the planned indi-ces show a dramatic shift in certain markets' share of world capitalisation. Most striking is the increase

in Japan's weighting to 50 per

nese companies are banned by law from direct capital investment in South Africa, although many do have trading connec-tions with the republic.

Although Japanese comparesponsibility for the supposed involvement of a former secrenies do not invest directly in South Africa, about 60 of the 456 companies in the Japanese tary in the scandal. A secre-tary to the chairman of Nippon FT A index have links involv-Telegraph and Telephone. Japan's largest telecommunicaing licensing, distribution, tions company, also admitted that he received pre-registratrademarks, technology use or franchising, according to the IRRC. However, direct investtion Recruit Cosmos shares at a large discount and made a huge profit hy selling them ment appears to be the accepted criterion for the new index among fund managers, Mr Bradford says.

While Japan grows, the weighting of the UK market in the South Africa-free world index falls to 6 per cent from 9 per cent, with 28 per cent of British companies, or 48 per

cent of the market's capitalisation, being excluded. Europe as a whole plunges from 20 per cent of the world index to 13 per cent - over two-thirds of the West German, Swiss and Dutch markets are omitted. The weighting of Europe within the Euro-Pacific region falls from 31 per cent to 20 per cent. Of the total world index capitalisation, 17 per cent disappears.

SOUTH AFRICA GOLD shares closed mixed to lower as the bullion price held steady at around \$420 an

ounce Vaal Reefs eased R2 to R283 and Southvaal fell 25 cents to R110.60. Buffels gained 50 cents to R53.25 while Harmony lost 35 cents to R25.40. Lightweights Leslie and Bracken each lost 5 cents to R2.95.

In diamonds, De Beers shed 75 cents to R45.15. Other mining issues were quietly steady, with mining industrials mixed and industrials firmer.

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and Coonty NatWest/Wood

FT-ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS		FRIDA	Y NOVEMBER 4 1988			THURSDAY NOVEMBER 3 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Oay's Change %	Pound 5terilag)ndex	Local Currency Index	Gross Oiv. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1968 Low	Year ago (approx)
Australia (91). Australia (91). Austria (17). Belgium (53). Canada (125). Denmark (39). Frinland (26). France (130). West Germany (102). Hong Kong (46). Ireland 1120. Italy (100). Japan (456). Malaysia (36). Mexico (13). Netwer Call (25). Norway (25). South Africa (60). Spain (42). Switzerland (35). Switzerland (35).	173.09 140.13 157.79 109.34 71.73 120.16 121.10 116.04 149.84 131.82 84.53 135.94	490315831657489034 999315831657489034 1117999911799178918833419	124.88 80.64 108.33 100.94 122.38 71.43 88.50 111.11 70.39 145.35 117.67 132.50 91.82 60.23 100.90 101.70 97.45 125.83 110.70 70.98 114.15 125.83	119.13 89.26 120.89 106.36 136.92 113.84 104.54 79.33 105.68 125.13 83.38 137.09 144.69 393.77 100.93 61.18 108.78 110.70 101.47 134.15 120.99 78.79 114.29	4240 240 240 240 240 240 240 240 240 240	148.07 96.95 130.26 121.73 147.33 129.14 109.82 85.28 105.48 134.49 85.06 175.25 139.91 157.03 110.40 73.38 119.68 120.93 118.16 151.79 132.23 85.55 137.48 113.86	123.16 80.64 108.35 101.26 122.54 70.93 87.73 111.86 70.75 145.77 116.37 130.61 91.83 61.03 99.54 100.58 98.28 126.25 109.98 71.15 114.35 94.71	119.12 89.22 120.47 107.64 113.64 104.22 78.54 105.76 125.83 83.66 137.53 144.55 391.88 100.68 61.92 107.29 110.48 102.29 110.48 102.29 110.48 102.29 110.48 102.29 110.48 102.29 112.87 113.86	152.31 98.18 139.89 128.91 148.99 139.53 109.82 87.49 111.86 144.25 87.49 111.86 144.25 154.17 154.17 154.17 154.17 154.17 154.23 135.89 139.07 164.47 142.23 86.75 141.18 115.55	91.16 83.72 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 104.60 95.23 64.42 98.55 97.99 96.263 130.73 96.75 97.99 96.263 130.73 96.92 74.13 120.66 99.19	91.24 93.40 102.92 102.80 111.22 86.26 78.84 81.00 101.69 74.10 137.25 105.45 191.22 95.90 83.49 113.92 97.33 116.38 129.30 99.67 81.67 117.55 102.17
USA (577)		-1.0 -1.1 -1.1 -1.1 -0.8 +0.1 -1.1 -1.1 -1.1 -0.9 -1.1	95.09 142.23 123.39 95.04 83.09 104.66 122.36 111.45 111.76 95.52 111.67	101.12 134.99 121.39 112.42 93.21 108.68 120.81 118.45 118.14 108.46 118.03	3.67 0.76 1.67 3.56 2.92 4.40 1.74 2.31 3.65 2.32	114.33 171.35 148.57 114.27 99.78 124.50 147.34 134.12 134.50 114.81	95.10 142.52 123.57 95.04 82.99 103.55 122.55 111.55 111.55 111.87 95.49 111.79	101.01 135.41 121.60 113.50 92.90 108.76 121.06 119.00 118.66 109.04	114.42 172.26 148.57 116.07 99.85 128.27 147.34 134.12 134.50 115.54	97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 1113.26 100.00 1113.37	9821 133.43 119.37 102.19 86.21 87.34 118.82 111.36 112.32 100.44

Base values: Oec 31, 1986 = 100; Finland: Oec 31, 1987 = 115.037 (US S index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright. The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987 Latest prices were unavailable for this edition



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